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DAILY REPORT

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China

Vol I No 022

1 February 1985

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XINHUA REVIEWS EEC, LATIN AMERICAN RELATIONS

OW311423 Beijing XINHUA in English 1304 GMT 31 Jan 85

["Round-up: West Europe Boosts Ties With Latin America (by Xiao Fangqiong and Xue Hong)" -- XINHUA headline]

[Text] Beijing, January 31 (XINHUA) -- Over the past year, most frequent contacts of government leaders and stronger economic ties have been forged between the European Community and Latin American countries, showing widespread involvement by the community in the political affairs of Latin America.

EEC's bid to solve conflicts in Central America was highlighted at the 21-nation foreign ministers' meeting in San Jose, Costa Rica, last September on political, economic and cultural cooperation between the EEC and Central America. The meeting brought together the ten EEC countries, along with Spain and Portugal, two prospective EEC members, and the four member nations of the Contadora Group -- Mexico, Colombia, Panama and Venezuela. The West European countries pledged their support for the group in its effort to resolve Central American problems, and indicated their willingness to play "a very positive role" in their regional economic development.

At this high-level meeting held for the first time in a "hot spot" within the U.S. sphere of influence but without Washington's participation, the West European countries, withstanding U.S. pressures, insisted on the inclusion of Nicaragua as one of the recipients of EEC's aid, and expressed support for the peace pact drafted by the Contadora Group, a draft not to the liking of the United States. The West European countries made it clear that they were against the introduction of East-West conflicts into Central America, and called for the renunciation of the use of force as a means to seek a peaceful settlement of the Central American problems. Their presence has been publicly acclaimed in Central America and elsewhere in the South American continent as a factor likely to help the region's balance of force.

On the critical foreign debt problem facing most Latin American countries, the West European countries do not see eye to eye with the United States, fearing that a worsening of the problem would jeopardize their interests. Some EEC countries backed the reasonable demands of Latin American countries.

The past year also saw a brisk exchange of visits between government leaders of the two continents. They included the visits to Latin American countries by Federal German Chancellor Helmut Kohl, French Foreign Minister Claude Cheysson, the then European Commission President Gaston Thorn and Chairman of the Socialist International Willy Brandt. Among those Latin American government leaders who travelled to Western European were Argentine President Raul Alfonsin, Costa Rican President Luis Alberto Monge, Salvadoran President Jose Napoleon Duarte and Brazil's President-elect Tancredo Neves.

In addition, the European Community had boosted its annual aid to Latin America to 100 million U.S. dollars in 1984 from an average of 50 million dollars in the previous eight years. Under a cooperative agreement signed with the Andean Pact organization in 1983, the European Community has time and again financed construction projects and furnished export credits to the member nations of that organization.

Mutual interests and needs in advancing their relations had turned them into close trading partners since the 1970's. But a rift occurred in 1982 when the European Community sided with Britain in its dispute with Argentina over the Malvinas Islands by invoking economic sanctions against that country.

Their chilled relations thawed in 1983 after Western Europe made a hasty comeback in Latin America which the EEC regards as a raw material supplier and export markets.

The new year started off with a new positive step taken by the European Community to further relations with Latin America. In a message to the Contadora Group, the European Community renewed support for its efforts to bring peace to the Central American region and reaffirmed respect for the spirit of the 21-nation foreign ministers' meeting. Looking ahead, the relations between the two are likely to continue to expand, but such expansion will not be unrestrained in view of Western Europe's limited economic power, different approaches to Latin American affairs among its members and their alliance with the United States which they cannot overlook.

WANG BINGQIAN WELCOMES OPENING OF LEASING COMPANY

OW311732 Beijing XINHUA in English 1629 GMT 31 Jan 85

[Text] Beijing January 31 (XINHUA) -- Finance Minister Wang Bingqian today welcomed the opening of the China Universal Leasing Company (CULC) Ltd. State Councillor Wang said the company, set up jointly by China, Japan and Federal Germany in November, would greatly assist economic and technical cooperation and trade between the three countries.

He was speaking at a meeting here with delegations from the Sanwa Bank of Japan and the Dresdner Bank of Federal Germany, who have entered into the joint venture with the Bank of China and three major Chinese import and export corporations in technology and equipment.

The company specializes in international leasing and subleasing of advanced technology, machinery, electronics and transport equipment. It combines banking and trade and has over the past three months helped to introduce 40 billion U.S. dollars' worth of equipment to China.

Wang said that the company would help Chinese enterprises update their technology and expand their operations. All three sides would benefit from the new company. "It has a bright future," he added.

The Sanwa delegation was led by bank president Kenji Kawakatsu, and the Dresdner delegation was led by Christoph von der Decken and Piat Jochen Etzel, members of the board of directors. Present at the meeting were Zheng Tuobin, vice-minister of foreign economic relations and trade; Yosuke Nakae, Japanese ambassador to China; and Per Fischer, ambassador of the Federal Republic of Germany to China. After the meeting, Wang attended a reception to celebrate the establishment of CULC.

MORE OFFSHORE OIL EXPLORATION BIDS INVITED

OW301852 Beijing XINHUA in English 1448 GMT 30 Jan 85

[Text] Beijing, January 30 (XINHUA) -- Foreign firms are being invited to bid for two new offshore oil exploration areas, covering a total of 93,000 square kilometers, it was announced here today.

This is part of the second round of bidding for Sino-foreign oil exploration off China's coastline, which began on November 22, 1984. Another 13,300 square kilometers on the eastern part of the Yingge Sea basin, South China Sea, was put up for bidding that day.

China designated 150,000 square kilometers of offshore areas for the first round of bidding (1982-83), and by the end of 1983, 23 contracts had been signed with 31 firms from 10 countries. The contract areas covered a total area of 93,289 square kilometers.

Over the past five years, foreign partners have spent about one billion U.S. dollars searching for oil off China.

The Chengbei oilfield in the Sino-Japanese cooperation zone in the Bohai Sea, will go into production this year. Peak annual output is estimated to be around 400,000 tons (about 2.8 million barrels) of crude oil.

And the Wei 10-3 oilfield in the Sino-French co-operation zone, in the Beibu Gulf of the South China Sea, will begin production next year. The highest yearly output should be between 600,000 and 700,000 tons (about 4.2 million to 4.9 million barrels).

One of the two offshore areas designated for bidding today, which covers 50,000 square kilometers, is in the Pearl River mouth basin of the South China Sea, and the other, covering 43,000 square kilometers, is in the south Yellow Sea basin, said Chen Bingqian, spokesman for the China National Offshore Oil Corporation (CNOOC).

The former is divided into 12 blocks and the latter into six. Most of the blocks involve a water depth of less than 200 meters.

Chen said China would drastically cut the contribution fee foreign partners were required to pay after they won the right to search for offshore oil.

The contract signing fee would not be higher than that in the first round of bidding, which was one million U.S. dollars.

China was also willing to negotiate with companies to allow them to claim a bigger proportion of the oil they found.

CNOOC is also ready to sell geophysical exploration information and drilling data. Firms interested in offshore exploration should apply before March 15.

Offers resulting from this data can be made up to July 1, after which CNOOC will open negotiations.

Chen said that 22 foreign companies had already decided to buy data about the eastern part of the Yingge Sea.

These included seven American companies, five Japanese, three British, two Canadian, one Brazilian, one French, one Italian, one Australian and one Norwegian.

U.S. POLICE SAID TO HAVE TAPE ON HENRY LIU MURDER

OW301249 Beijing XINHUA in English 1232 GMT 30 Jan 85

[Text] Washington, January 29 (XINHUA) -- The Daly City, California, Police Department announced today that it has in hand a tape recording of information of murder of Henry Lie made by one of the murder suspects, Chen Chi-li. The police would not disclose the contents of the tape.

Lieutenant Tom Reese of the Daly City Police Department and two FBI agents flew to Taiwan a few days ago to interview two of the three main murder suspects currently held in Taiwan, Chen Chi-li and Wu tun.

A news release issued by Reese said that the "information was not made public prior to the interviews with Chen Chi-li and Wu Tun... because of the continuing pending investigation, no comment will be made in regard to the content of the tape."

It also disclosed that during the interview, "Wu Tun admitted his complicity in the killing of Henry Liu". It is expected that the Daly City police will issue a warrant charging Wu Tun with murder. A warrant for the arrest of Chen Chi-li had been issued earlier.

Reese told reporters that Chen and Wu went to the U.S. from Taiwan last September and crept back to Taiwan five or six days after the murder of Henry Liu in this California city on October 15.

According to latest police information, the third murder suspect Dong Gui-sen is still in fugitive hiding in the Philippines, Reese disclosed, and the U.S. police is still hunting for his trace.

According to other reports, Henry Liu's widow Helen expressed her wishes that the police would make public the content of the recording in order to let the fact be known.

Group Urges Probe

OW310810 Beijing XINHUA in English 0725 GMT 31 Jan 85

[Text] Washington, January 30 (XINHUA) -- The Organization of Chinese-Americans (OCA) has strongly urged the U.S. Justice Department to make a full investigation into Chinese-American writer Henry Liu's murder. A statement issued January 27 said the organization "has the obligation to promote the realization of the aspirations and interests of the Chinese-Americans and to safeguard their human rights."

The statement cast doubt on a series of incidents following Henry Liu's murder and claimed that the civil and constitutional rights of the victim may have been violated. "The organization will urge the U.S. Justice Department to make a full investigation into the incident and will be expecting information on the results," the statement noted.

WANG BINGNAN'S MEMOIRS ON SINO-U.S. TALKS

Part 18

HK260648 Guangzhou GUANGZHOU RIBAO in Chinese 2 Jan 85 p 3

[Article by Wang Bingnan: "The 9-Year Sino-U.S. Talks in Retrospect -- Part 18"]

[Text] In order to express the determinatoin of the Chinese people to liberate Taiwan, and to puncture the U.S.-Chiang "defense treaty," the PLA liberated Yijiangshan Islet at one blow on 18 January 1955, and Dachen Islet on 13 February.

In an interview with newsmen, Eisenhower called for "mediation" by the United Nations and said that troops would be sent to safeguard the security of Taiwan and the Pescadores when needed. At the same time, the United States also turned down the proposal initiated by China and the Soviet Union on convening a 10-nation conference to discuss the situation in the Taiwan area. Premier Zhou repeated time and again that the liberation of Taiwan was China's internal affair, and the United States had no right to interfere.

At that time we resolutely and strongly opposed American support for the Chiang gang and showed the dauntless spirit of the Chinese people in the face of U.S. military blackmail. At the end of 1954 we detained 13 American spies who undertook sabotage in China.

Faced with such a situation, the United States was compelled to make contacts with us and to acknowledge the fact that New China had stood up. Directed by the United States, UN Secretary General Hammarskjold in his own name visited our country in January 1955 after India made arrangements for the visit. His aim was to pry into how China would deal with the case of the 13 American spies and some other things. Premier Zhou pointed out to him that the UN position on China's representation in the United Nations and the Korean war was not fair, and that the United States had created tension in the Far East, and it should stop its interference in China's internal affairs and withdraw its troops from Taiwan and the Taiwan Strait.

Here I remember one thing that shows again how Premier Zhou was flexible and magnanimous in handling diplomatic affairs. This happened just when Premier Zhou accompanied Hammarskjold to the gate after a banquet, he found that one of Hammarskjold's bodyguards was left out in the cold. Premier Zhou immediately asked me why he was not invited in, and someone replied that this bodyguard was an American. Premier Zhou said critically: Why should we be afraid of an American? Why can't we do work on Americans? We should invite him to the next banquet and I will even propose to toast to him when the time is ripe. This shows the tolerance and breadth of vision of Premier Zhou. We did as the premier instructed later and this ordinary American was deeply touched by our invitation to banquets.

Part 21

HK280811 Guangzhou GUANGZHOU RIBAO in Chinese 17 Jan 85 p 3

[Wang Bingnan: "Recalling 9 years of Sino-U.S. Talks" -- Part 21]

[Text] When we were entering the conference hall, many reporters waved us greetings in a friendly manner. Ambassador Johnson was several minutes late. Among those who accompanied him was Crowe, a sinologist of the U.S. Department of State. After the delegates of both sides took their seats, all reporters were busying themselves taking pictures of the occasion under the constant blink of magnesium light flashes that seemed to mark in history the vestiges of Sino-UN contacts. When the reporters left the conference room, the talks formally began.

First I read out the statement of our government on the release of 11 American spies and Johnson expressed his thanks to me. Subsequently, we began discussing the agenda of the negotiations.

The atmosphere of this round of talks was happy and relaxed whether partly because we had announced the release of American spies or partly because Johnson and I were well acquainted with each other. I was informed later that Dulles enjoined Johnson to exercise patience during the talks so as to avoid the repetition of the practice of confronting the tough with toughness as adopted during the Panmunjom talks, and to seek ways to preserve the present ties with Beijing so as to ensure the negotiations would not break down. Prior to the talks, Dulles said that he would be very happy if the talks lasted for 3 months.

The first round of talks made relatively smooth progress. Both sides reached an agreement on the agenda of negotiations ultimately, namely, on the repatriation of nationals of the two countries living abroad and other disputed practical issues between them. At the same time, it was decided that the talks would continue to be held the following morning.

The second round of talks lasted for only 1 hour. Both sides exchanged lists of their nationals living abroad to be expatriated. On the list I exchanged with my counterpart, there was included the name of Qian Xuesen. In a letter he wrote in July to Vice Chairman Chen Shutong, Qian Xuesen asked the government to help him return to the motherland at an early date. After reading the letter, Premier Zhou promptly passed it on to me. Then I took up the returning home of Qian Xuesen with Johnson, who quibbled that there was no proof indicating that the Chinese residing in the United States wanted to return home and I immediately refuted his argument by citing the case of Qian Xuesen. I also proposed that India be empowered as a third country to look after the interests of the Chinese citizens living in the United States.

Johnson asked for a 1-day recess in order to request instructions from the Department of State. The third round of talks would be held on 4 August as scheduled.

During the third round of talks, the moment the talks were resumed Johnson asked our side to unconditionally allow all Americans in China to leave the country so that the meeting would enter the second item of the agenda -- with the aim of paving the way for discussion of substantive issues. I held that the question of the American personnel detained in China was part of the content of the talks and on no account was it a condition for continuing the talks and, with this in mind, I solemnly reaffirmed China's stand on the repatriation of Chinese students studying and Chinese nationals living abroad, pointing out that the United States should promptly release all the innocent Chinese who had been put in jail so that they could take the opportunity to return to their motherland. By then Johnson no longer insisted on the argument that keeping those Chinese who had a high level of technological knowledge in the country had always been the law of the United States. It can thus be seen that the law of the United States is not unalterable at all and it also serves politics.

Part 22

HK300825 Guangzhou GUANGZHOU RIBAO in Chinese 19 Jan 85 p 3

[Wang Bingnan: "Recalling 9 Years of Sino-U.S. Talks" -- Part 22]

[Text] Later in our talks, we discussed over and over many times the question related to repatriating the people of each country living in the other country.

On behalf of the U.S. Government, Johnson stubbornly clung to a principle that they thought was the most fundamental in U.S. policies toward China, namely the principle of refusing to recognize the PRC as an entirely independent sovereign state. Therefore, in dealing with some specific questions, the U.S. Government would always sensitively think whether its action would give an impression of or result in recognition of the PRC. Therefore, Johnson beat about the bush in discussing any question related to our country's sovereignty. For example, he always refused to agree to our proposal that the Indian Embassy to the United States take care of the Chinese living in the United States. For he thought that this would amount to recognizing the PRC's legitimate consular right to be responsible for Chinese people living in the United States, and to recognizing the PRC as a sovereign state and excluding the Taiwan authorities. The United States would by no means agree to this.

On this question alone, we carried out several rounds of struggle. Our side fully presented the facts and reasoned things out and finally Johnson found that he had no grounds to counter our arguments. After asking for instructions from John F. Dulles, he was forced to accept our proposal on empowering India to take care of Chinese people living in the United States. However, he made trouble again on the word "empower." Johnson said that the word "empower" could not be used and only the word "invite" was to be used. He thought that the word "invite" had less of a meaning of legitimacy and legal responsibility on the part of the PRC. He also unreasonably proposed that the power given to the Indian Embassy had to be strictly restricted to the investigations relating to those Chinese citizens who really wanted to leave the United States. Obviously, such a restriction would have left many loopholes for the United States to exploit. Moreover, the United States could have given any explanation to the specific conditions at will. Of course, we could not agree with that and I flatly refused his proposal. As a result, no positive results could be achieved, though we held about 10 rounds of talks.

Soon after the beginning of the talks, we began to find that we were wrong to think that the problem could be solved through a few round of talks. It seemed to us that the talks would be very arduous and would take a long time. The reporters who had some optimism or who wanted to catch news about a new breakthrough always waited impatiently for news outside the site of the talks. At the beginning, when we left the site, they would gather around us in high spirits and viewed with one another in asking questions, but our simple answers always failed to give them any exciting new information. Later, they seemed to feel disappointed as soon as they saw the expression on Johnson's and my faces. They began to doubt whether any results could be achieved in the talks or whether the talks would be suspended. There were more and more disappointing and pessimistic views in newspapers. The enthusiasm of the reporters also began to gradually cool down. By about the end of August, the talks were reduced from three times a week to once a week and the temperature had obviously dropped.

By that time, the talks were carried out in fixed patterns. Johnson and I read our written speeches by turns. Of course, sometimes there would be disputes between the two sides, and this depended on the ability of each side to find loopholes in the speech of the other side. Johnson was an experienced diplomat with wide knowledge. Perhaps, he strictly obeyed Dulles' instructions, therefore, he never broke etiquette or used caustic language in the disputes. Even when he was most embarrassed, he merely blushed and smoked a few more cigarettes.

We were also courteous at all time. Our stand was firm and our attitude was serious, but we spoke reasonable, acted calmly, and maintained a civilized and reasonable diplomatic style.

The assistants to each side never spoke at the talks but sometimes wrote their opinions on slips of paper to or whispered their opinions in the ears of the speakers. Both Comrade Li Huichuan and Comrade Lin Ping gave me many useful suggestions during the talks.

What was interesting was that though we were very serious and neither side gave ground at the conference table, there were some interesting or even friendly personal contacts between the two sides outside the conference room. Premier Zhou instructed us to boldly have personal contact with Johnson. Johnson had also obtained Bulles' consent to make personal contact with us.

When the talks were stalemated, in order to ease the atmosphere, we sometimes invited each other to meals. During personal contacts, we could say some things that we could not say on formal occasions, discuss with each other, exchange views, and sound each other out, and it was even possible for us to make some breakthroughs. I remember that it was Johnson who was the first to do this. In order to solve a problem, he wanted to know the attitude of our side and avoid the attention of the reporters. Therefore, he invited us to a quiet meal at a villa on a remote mountain and we solved a technical problem at the dinner table. Later, out of a similar need and with the consent of Premier Zhou, we invited them to a meal at the same place.

A few years later, perhaps Premier Zhou had forgotten the latter meal and asked me several times: Have you given them a meal in return for their treating you to a meal? That was Premier Zhou's way in doing things. He was always very careful and particular about diplomatic courtesy. On another occasion, when our Beijing Opera Troupe was giving a performance in Geneva, I invited Johnson and his assistants to see the performance, but time and again urged them to keep it secret and be sure not to let reporters know about it. After the performance, Johnson praised the performance, saying: "This is an artistic manifestation of China's ancient civilization and is something we Americans do not have."

Part 23

HK300829 Guangzhou GUANGZHOU RIBAO in Chinese 20 Jan 85 p 3

[Wang Bingnan: "Recalling 9 Years of Sino-U.S. Talks" -- Part 23]

[Text] At that time, there was no non-stop flight between Warsaw and Geneva. Each time I went to Geneva to attend the talk, I had to fly to Prague, the capital of Czechoslovakia, 1 day ahead of schedule so that I could board a Czechoslovak plane there and then fly from Prague through Zurich, where I changed to a Swiss plane to Geneva. In Prague, I often met Johnson, so we two often boarded the same plane both on our way to and from Geneva. Sometimes, because of the bad weather, the plane could not take off. Under such circumstances, Johnson and I had to stay overnight in Zurich. Very often we had accommodations in the same hotel. During our trip, we did not have interpreters, so we never talked about official business. My English was not so good, but I managed to speak some English, while Johnson could speak some simple Chinese sentences. So, when Johnson and I chatted freely, sometimes in English and sometimes in Chinese, we felt relaxed and happy. At that time, the Swiss Government paid great attention to the Sino-U.S. talks in Geneva. It had ordered the airport authorities to give special consideration to us. So when we boarded or disembarked from a plane at the Zurich Airport, the head of the airport was very friendly to us, and each time, he came to meet or see us off in person, and also accompanied us to the guest room for a rest and treated us to coffee.

Later, owing to an airplane crash, Johnson no longer dared to fly on this route and flew from Paris instead. The crashed plane was a larger Czechoslovak plane that took off from Zurich Airport. On board were Chinese actors and actresses who had just completed their performances in Latin America and were returning home. Quite unexpectedly, the plane exploded less than 5 minutes after taking off. Originally, I had also booked a seat on that plane. I only escaped death by sheer luck because of a 1-day business delay. On another occasion, because of mechanical troubles, the plane I boarded had to land in Munich. At that time, the Federal Republic of Germany had no diplomatic relations with China, so I had to sit with all the other passengers waiting in the sitting room of the airport. This situation made the Chinese Embassy in Berne very anxious and Ambassador Feng Xuan was extremely worried and feared that something might happen to me. In order to inform the government of the Federal Republic of Germany of my presence at the Munich Airport, he purposely telephoned to the airport directly, demanding to speak to "Ambassador Wang." As a result, all the passengers in the waiting room looked at me in surprise, thus creating a sensation.

The reporters who heard the information rushed in and passed on the same news to one another: "The Chinese Ambassador for the Sino-U.S. talks has arrived in Munich!" from which you can see the great influence of the contacts between China and the United States.

In order to avoid quibbling over one question so as to enter the substantive talks more quickly, at home, we carried out a further check and handling of the detained Americans. I received the instruction from home: Announce to Johnson on 10 September that the re-check of 12 Americans has been completed by the authorities concerned in China, and they can be permitted to leave China. Our side had also made some proper concessions on some other concrete questions so that the talks, which had been stagnating for a period of time, finally made progress.

China and the United States finally reached an agreement on 10 September, the only agreement reached after 15 years of talk: "The People's Republic of China (the United States of America) acknowledges that the Americans in the People's Republic of China, who are willing to return to the United States of America (the Chinese in the United States of America, who are willing to return to the People's Republic of China) have the right to return to their own country, and declares that proper measures have been taken and will continue to be taken to ensure that they will be able to exercise their right of returning to their own country as soon as possible."

It is easy to see that the agreement was a strange joint communique, produced through painstaking efforts, under the circumstances that both countries did not recognize each other. The joint communique should not only embody the lack of recognition of one another, but also embody the common view of the two sides and the contact between the two sides, so a masterpiece called "agreement announcement," which is "agreement announcement" in English, was deliberately produced, in which each side spoke for itself. Many years later, the Shanghai Communique, issued after an agreement was reached between Nixon and Premier Zhou Enlai, was in a similar form. This agreement was the only formal agreement between China and the United States before the Shanghai Communique was issued in 1972. So when I read it again today, I still feel the weight carried by each word in the agreement.

Now, I'd like to stop talking about the question of the return of the overseas natives for the time being.

At the end of the 1950's, Premier Zhou once said at a meeting: Although we have not achieved any substantial results so far in the Sino-U.S. ambassadorial-level talks, we have had concrete and constructive contacts between our two sides on the question of the overseas natives, and we have gotten Qian Xuesen back. Only as far as this matter is concerned, the talks are worthwhile and valuable.

YAO YILIN MAY VISIT USSR TO DISCUSS TRADE PACT

OW311105 Tokyo KYODO in English 1053 GMT 31 Jan 85

[Text] Beijing, Jan. 31 Kyodo -- Chinese Vice Premier Yao Yilin will probably visit Moscow in June or July this year to sign a long-term trade agreement between China and the Soviet Union, an Eastern diplomatic source said Thursday. The agreement will cover bilateral trade relations between 1986 and 1990, but details, such as the targeted trade volume and the items to be exchanged, have yet to be worked out, the anonymous source said.

Yao's visit will return a China visit late last year by his Soviet counterpart Ivan Arkhipov. In a meeting with Premier Zhao Ziyang, the Soviet first vice premier asked Beijing to send a Chinese vice premier to Moscow. Zhao was reported at the time to have accepted the Soviet invitation, but it is the first time that Yao's name and the likely date for his visit have been mentioned.

According to the Eastern source, Yao is likely to hold talks with Soviet Premier Nikolay Tikhonov as well as Arkhipov while in Moscow.

During the visit by Arkhipov, the two countries agreed on expansion of their bilateral trade relations, with the two-way trade volume to reach a level between 5 and 6 billion dollars in 1990, the final year of the five-year trade agreement. According to the source, the proposed agreement would not include China's purchase of a Soviet-made nuclear power plant. The Soviet Union proposed such a deal on the occasion of Arkhipov's visit to China, but no negotiations which could lead to a contract agreement were conducted between the two sides, the source said.

Technology-wise, the source added, China is interested in Soviet help to modernize China's outdated factories and plants, rather than in nuclear power generation. The source also said the three economic agreements signed between the two countries during Arkhipov's China visit provided an overall framework for bilateral cooperation and did not specify cooperative projects in concrete terms.

The Soviet Union will determine the specific areas for possible cooperation by carefully watching China's movement, particularly its Soviet policy, the source said. On the basis of the exchanges of visits by the vice premiers, the Soviet Union hopes to "upgrade" its relations with China, the Eastern source added, indicating Moscow's wishes for contact between the premiers of the two nations.

PURCHASE OF NUCLEAR PLANTS FROM USSR DENIED

OW310717 Tokyo KYODO in English 0705 GMT 31 Jan 85

[Text] Beijing, Jan. 31 KYODO -- China Thursday denied a press report that the country plans to purchase two nuclear-powered electricity generating facilities from the Soviet Union. The report was understood to have said the purchase was included in the 1986-90 economic and trade agreement concluded by China and the Soviet Union.

A Chinese Foreign Trade Ministry official said the report had no ground. Eastern bloc sources here also said that China and the Soviet Union had not conducted talks which might lead to Chinese import of Soviet nuclear plant facilities.

SIHANOUK CONDEMNS SRV ATTEMPT TO SPLIT CGDK

OW311910 Beijing XINHUA in English 1848 GMT 31 Jan 85

[Text] Bangkok, January 31 (XINHUA) -- Norodom Sihanouk today denounced Hanoi's attempt to split the Coalition Government of Democratic Kampuchea by means of liquidating the Democratic Kampuchean National Army. Sihanouk, president of Democratic Kampuchea, who formed a coalition with the D.K. National Army and the Son Sann-led Khmer People's National Liberation Front (KPNLF), today made his first appearance before the press since his arrival here on January 29.

He said that 180,000 Vietnamese troops equipped with powerful weapons had in the past six years tried hard to liquidate the D.K. National Army but they had not been able to achieve the aim.

The D.K. National Army is strong and popular, Sihanouk declared. It has made more progress inside Kampuchea and has acted as an obstacle to Vietnamese colonization, he said. The D.K. National Army "is quite successful inside Kampuchea, so the Vietnamese want to use us to help them liquidate" it, he stated. This intrigue is doomed to failure, he said.

Sihanouk rejected Hanoi's idea for a bilateral meeting between Heng Samrin on the one hand and Sihanouk and Son Sann on the other. "It is just a trick by Hanoi, because Hanoi wants to create a split in the coalition, to weaken the coalition and to make the coalition lose," he said.

When asked to comment on the current Vietnamese dry-season offensive against the Son Sann-led forces along the Thai-Kampuchean border, Sihanouk pointed out that it was true that Son Sann's forces had lost some bases, but they had not lost many weapons and men. They still had a strong army, he stressed.

People should see the war in Kampuchea not just along the border, he said. The D.K. National Army units are operating deep inside Kampuchea, weakening the Vietnamese much in the rear.

Referring to Vietnamization of Kampuchea, Sihanouk said, "The Vietnamese said that they would withdraw their troops from Kampuchea within six or ten years. That means, they want to have enough time to populate Kampuchea with millions of Vietnamese. They want to have enough time to penetrate the so-called army of the Heng Samrin regime with Vietnamese officers and men."

Sihanouk expressed heart-felt thanks to Thailand and U.N. border relief agencies for their timely aid to the Kampuchean refugees along the Thai border. He held talks with U.N. Secretary-General Perez de Cuellar who returned here from Hanoi yesterday, prior to the press conference.

FURTHER REPORTAGE ON SRV DRY-SEASON OFFENSIVE

KPNLF Recaptures Nong Chan

BK311146 Beijing in Cambodia to Cambodia 1030 GMT 31 Jan 85

[Text] Democratic Kampuchean forces completely recaptured Nong Chan camp on 28 January. Nong Chan camp was under the control of the Vietnamese aggressor troops during the past month following the launching of their dry-season offensive. When the KPNLF forces recaptured Nong Chan camp, almost all of the more than 500 Vietnamese soldiers there were killed and 5 of them were taken prisoner. A quantity of weapons and ammunition were seized.

Missiles Fired at Thai Planes

OW311850 Beijing XINHUA in English 1837 GMT 31 Jan 85

[Text] Bangkok, January 31 (XINHUA) -- Intruding Vietnamese troops have fired ground-to-air missiles at Thai planes as Thai border forces continued shelling the area where the intruders are holding out. General Athit Kamlang-ek, supreme commander of the Thai Armed Forces, announced this when addressing a meeting at the capital security command today.

Vietnamese occupation troops in Kampuchea penetrated 300 meters deep into the Thai village of Kradookchang in Trat Province yesterday. General Athit said that Thai field forces, in coordination with the Marines, shelled the Vietnamese invaders in Kradookchang village in order to flush them out.

Athit expressed the belief that the Thai forces would soon drive all the Vietnamese troops out of Thai territory. The general said that the Thai-Kampuchean border situation was not serious and it would return to normal very soon.

COMMENTARY EXAMINES SRV'S ECONOMIC DIFFICULTIES

OW301343 Beijing in Vietnamese to Vietnam 1400 GMT 28 Jan 85

[Unattributed commentary: "The Vietnamese Economy Is Still Fraught With Difficulties"]

[Text] During the past year, though the Vietnamese authorities have made adjustments to some of their economic policies, the overall Vietnamese economy was still plagued with difficulties. The resolution of the Seventh Plenum of the Fifth CPV Central Committee, held last December, has admitted some of the immediate and long-range difficulties of the Vietnamese economy: great imbalances in many aspects, an unstable ecosocial situation, and an economic development rate in 1984 that is slower than in 1981 and 1983.

First, let us examine Vietnam's agriculture, the major sector of its national economy. Ninety percent of the entire Vietnamese population is engaged in agricultural production. In the past several years, Vietnam's food production was affected by many problems. Because Vietnam's protracted war of aggression has gobbled up a large part of the state's resources, the Vietnamese authorities have, on the one hand, cut down on agricultural investments and, on the other, have repeatedly increased agricultural taxes and raised food procurement quotas and additional taxes, thus seriously affecting Vietnam's agricultural production.

Though Vietnam's 1984 food production target was 18 million tons of food, actual food production was only 96 percent of the planned norm. Reports say Vietnam's 1984 per capita food production was only 290 kg, compared with 300 kg in the 2 previous years. The Sixth Plenum of the Fifth CPV Central Committee, held in July 1984, considered food the No-1 difficulty of the national economy.

A salient problem plaguing Vietnam's industrial production is the very serious shortages in energy and material supplies. Coal has long been the most important energy source of Vietnamese industry, and also its most important export. However, since Vietnam's invasion of Cambodia, its coal production has been very low.

Despite the Vietnamese authorities' slogans for boosting coal production, such as "The entire country cares for coal production" and "Coal production is a salvation act"; and despite a wealth of manpower and material resources thrown in for better coal production, little progress has been achieved. Vietnamese papers have conceded that official figures show Vietnam's 1984 coal production is 16 percent lower than in 1983, and is only 81 percent of the target. As a result of the energy crunch, production of many factories, mines, and enterprises has decreased, or failed to meet the set targets, over a long period.

Also, because of Vietnam's invasion of Cambodia and its expansionist policy, most Western countries and the IMF have continued to suspend their aid to Vietnam. The Vietnamese authorities have had to concede that, now, and in the years ahead, the crunch in energy, material supplies, and foreign exchange still remains. Furthermore, the situation of supply and demand on the Vietnamese market remains tense. The gap between supply and demand is very conspicuous.

By the end of 1983, the Vietnamese authorities urged that a basic change for the better be materialized in the field of goods distribution and circulation and stabilization of the people's livelihood; so far, the Vietnamese market is still in disarray, prices are soaring, and the people's livelihood has been made more and more difficult.

As a result of commodity shortages, the state-run trade has failed to dominate the market and meet the minimum consumption requirements of the urban and rural population. There has even been a failure to provide sufficient essential commodities at fixed quantities to cadres, workers, and civil servants.

Reports say that there were a number of empty shelves at the Hanoi department store, that only one-tenth of the supply lines were on display, and that price inflation on the Hanoi market hit 100 percent. Compared with the corresponding period in 1983, the prices of 19 food products in Hanoi in September 1984 registered an average increase of 70 percent. As prices are soaring, the Vietnamese currency has further devalued, and black marketing is expanding. Although the official dollar-dong exchange rate was 1-12, \$1 could fetch 280 dong on the black market. Though there were little increases in the wages of cadres, workers, and civil servants, the skyrocketing commodity prices have made them insignificant.

A Vietnamese refugee said: A subsistence livelihood for each Vietnamese requires 400-600 dong; but now, the average income of Vietnamese cadres, workers, and civil servants is only about 300 dong. Therefore, nearly all families have been busy making both ends meet. Without moonlighting, cadres, workers, and civil servants would find it very difficult to meet their daily needs.

As for the deterioration of the people's health conditions, and especially the lack of nutrition of women and children, those two problems are prevailing. In a 1984 newspaper article, Vietnam's finance minister made the following admission: Under the conditions where it still fails to meet its people's food needs, Vietnam is still faced with great, pressing requirements in national construction and defense -- a reference to Vietnam's dilemma of conducting its war of aggression and boosting its national economic construction.

Vietnam's war of aggression in Cambodia has become a burden for the Vietnamese economy. for a backward, impoverished country like Vietnam, which has to feed more than 1 million soldiers, and which has to earmark more than half its budget each year for military expenditures, that is obviously too heavy a burden, and that ultimately will further and further worsen the Vietnamese economy.

HU YAOBANG PLANS VISIT TO AUSTRALIA IN APRIL

OW010404 Beijing XINHUA in English 0359 GMT 1 Feb 85

[Text] Beijing, February 1 (XINHUA) -- Hu Yaobang, general secretary of the Central Committee of the Chinese Communist Party, will pay a goodwill visit to Australia and New Zealand from April 13 to 21, 1985.

This was announced by a spokesman for the Ministry of Foreign Affairs here today.

He said that Hu Yaobang will be the guest of Australian Prime Minister Robert Hawke and New Zealand Prime Minister David Lange and the governments of the two countries.

The spokesman said, "The purpose of this forthcoming visit by General Secretary Hu Yaobang is to enhance the mutual understanding and friendship between the Chinese people and the peoples of Australia and New Zealand and to strengthen the friendly relations and cooperation already existing between China and the two countries.

"Accompanying General Secretary Hu Yaobang on the visit will be Hu Qili, member of the Secretariat of CPC, and others."

COMMENTARY HAILS LANGE BAN ON NUCLEAR SHIP VISITS

HK310818 Beijing RENMIN RIBAO in Chinese 31 Jan 85 p 6

["Short" commentary: "The Right Decision"]

[Text] New Zealand Prime Minister Lange reiterated to reporters after a Cabinet meeting on 28 January that as long as the Labor Party is in power, "nuclear arms and nuclear-powered warships cannot enter New Zealand ports." The New Zealand Government, which has resolutely withstood American pressure, is the first U.S. ally to make such a decision.

New Zealand has been a member of the "ANZUS Pact" since 1951, and there have been close military exchanges between the three parties to the pact for many years. After the Labor government took office last July, it announced that it would uphold the pact but would ban nuclear-powered or nuclear-armed warships from entering New Zealand ports. This policy was criticized by the United States.

This year the United States requested that in March, after the Australian-New Zealand-U.S. military exercises, one U.S. warship be allowed to visit New Zealand. However, it did not make clear whether this ship was nuclear-powered or nuclear-armed. For this reason, the New Zealand Cabinet held a special meeting, which reiterated last year's decision.

New Zealand is a sovereign South Pacific state. It is completely right for the New Zealand Government to decide to ban nuclear arms from New Zealand in accordance with the wishes of its people. This decision is in accord with the interests of the people of New Zealand and with the common position adopted in the communique of the 13th Pacific forum meeting, which announced that the South Pacific should be turned into a nuclear-free zone.

In requesting that its warships be allowed to enter New Zealand ports, yet refusing to disclose whether they are nuclear-powered or nuclear-armed, the United States is sounding things out on the one hand and applying pressure on the other. The action of the New Zealand Government, in sticking to its stand and reiterating its stand on banning nuclear-powered or nuclear-armed warships from entering New Zealand ports, shows that it is becoming more and more difficult for superpowers to control their allies by means of alliances and to compel those allies to submit to U.S. interests.

At present, the opposition of the world's peoples to the superpower nuclear arms race and their support for regional and world peace and security has become a powerful surge. Any attempt to stop this surge is bound to fail.

RENMIN RIBAO URGES HALT TO U.S. 'INTERFERING'

HK311428 Beijing RENMIN RIBAO in Chinese 30 Jan 85 p 7

["World Affairs" column by Man Ting: "Futility in Attempting To Stop the River Flowing"]

[Text] It seems that recently, in Central America, there is a potential trend toward tension and turbulence. The United States blocked the International Court's handling of the suit filed by Nicaragua against the United States, suspended its talks with Nicaragua without good reason, and plans to restore assistance to the Nicaraguan anti-government armed forces. The Contadora Group's peace efforts have been willfully obstructed by the United States; the formulation of a Central American peace document is in a fix; and it is very likely that the peace conference sponsored by the Contadora Group, which is scheduled for February, will also be stillborn. Obviously, as some U.S. newspapers have said, the Reagan administration has reassumed a hardline posture toward the Central American issue.

In the latter half of last year, the tense situation in Central America seemed to be easing gradually. The antagonistic sides entered into a dialogue, and the Contadora Group's peace-oriented mediation made marked progress. This state of affairs gave people hopes that the trend toward detente would bring peace and stability to Central America. However, all these hopes have again become slimmer now.

The crux of the Central American issue lies in the fact that the U.S. Government treats this region as its own sphere of influence and is trying to bring the whole region under its strict control. It regards the countries that do not obey it and follow it and which insist on their independent position as an alien force, and has no qualms about interfering in their internal affairs and posing armed threats against them. Now, as the U.S. presidential election has finished and the prospects of the U.S.-Soviet talks have attracted more attention from the world community, the U.S. Government thinks that it can tighten the reins on Central America and can impose some hardhanded measures on this region so as to compel the countries there to submit. In fact, this is a short-sighted policy, because if a fool tries to use his sword to stop the river flowing, he will only make the water flow more rapidly. The high-handed U.S. policy toward Central America will only arouse the strong indignation and fierce resistance of the Central American countries and peoples. Previous facts have clearly shown this point. Early last year, the United States carried out subversive activities in Central America and the Caribbean region. It laid mines and carried out military exercises everywhere to make a show of force, and stepped up all kinds of interfering activities. However, this failed to force the Caribbean countries and peoples to submit. Instead, this gave rise to strong opposition from the American people and the U.S. ruling group, which forced the administration to stop its interfering policy in Central America. The U.S. Congress also adopted a resolution, requiring that assistance to the Nicaraguan anti-government forces be stopped. The development of the situation eventually forced the United States to side with the Contadora Group in its peace efforts and to begin a dialogue with Nicaragua, thus easing the Central American situation for a time.

Facts show that the long-standing tension and turbulence in Central America will do no side any good. If Washington can realize this point, stop interfering in and threatening other countries, wholeheartedly support the Contadora Group's peace efforts, and ensure the continuance of the trend toward detente appearing last year so as to change this troublesome "hot spot" into a peaceful region, this will be in the interests of both the Central American nations and the United States itself.

HONGQI VIEWS DEPARTMENTAL WORK, MARXIST THEORY

OW010524 Beijing XINHUA Domestic Service in Chinese 0732 GMT 31 Jan 85

["HONGQI Editorial Department article: How To Do a Better Job in Departmental Work" -- XINHUA headline; XINHUA Domestic Service in Chinese at 0731 GMT on 31 January transmits a "public notice" requesting all newspapers to pay attention to "using" this article]

[Text] Beijing, 31 Jan (XINHUA) -- In the past few years, our whole party has made comparatively great achievements in its work, and all the departments have made contributions. However, we should do an even better job in departmental work during the current overall reform of the economic structure. How can we do even better departmental work? First of all, we should pay attention to handling several relationships well: 1) the relationship between a part and the whole; 2) the relationship between theory and practice; 3) the relationship between destruction and construction; and 4) the relationship between those who lead and those who are led.

First, the Relationship Between a Part and the Whole

Our party is a whole, our country is a whole, and the whole is composed of parts. The so-called parts include various departments, organizations at various levels, organizations of various regions, and so on. In short, the whole is composed of parts of various levels and parts at the same level. By departmental work, we mean the partial work of a comparatively high level that constitutes a system of its own. Exactly how many of our party and state working personnel are doing departmental work? Perhaps they account for a very large proportion, while only a very small number of persons are dealing with the overall situation. Therefore, the departmental work yields great effects on the overall situation because it is done by a large number of persons. It is indeed of a tremendous significance to solve well the problems of departmental work.

What relationship should exist between a part and the whole? Generally speaking, it should be a relationship of mutual dependence. In the organism of our party and our state, the parts should not be separated from the whole. Otherwise, the whole will be incomplete, and the parts will not survive. Conversely speaking, the whole should not exclude the parts. Otherwise, the parts will become useless, and the whole will also not benefit. Therefore, the parts and the whole should depend on each other. On the one hand, the parts should be subordinated to the whole, serve the whole, and act around the whole. On the other hand, the whole should be concerned about the parts, take care of and support them, and make them full of vigor. This truth is simple, clear, and easy to be understood by the people. However, our practical experience of the last few years proves that it is not so easy to truly integrate this truth with the specific activities of various departments, and the attempt to do so will even cause problems. There are many reasons for this fact, and one of the important ones is the great change in the situation of our party and our state since the 3d Plenary Session of the 11th CPC Central Committee. In other words, under the new circumstances, there have been fundamental changes with regard to what our party and our state as a whole should do, how they should do things, and how the parts should subordinate themselves to the whole and serve the whole. Whether or not the comrades working in various departments can properly adapt themselves to the changes is a fundamental question concerning whether or not the departmental work can be done well.

For a considerably long period before the 3d Plenary Session of the 11th CPC Central Committee, the work of our party and our state -- that is, the work of the whole -- was "taking class struggle as the key link." Although relevant formulations had different degrees of emphasis during different stages, the fundamental guiding thought was always "taking class struggle as the key link." At that time, all departments -- whether the Organizational Department, the Propaganda Department, various government departments, or the Army Political Department -- were supposed to focus their work on "class struggle" as the key link. The Economic Department was no exception. Therefore, political movements were incessant then.

It is particularly worth our attention that "to take class struggle as the key link" especially had the need to rely on and give prominence to some departments, such as the Propaganda Department, the Political Work Department, and the Public Security, Procuratorial, and Judicial Departments. For this reason, soon after the "Great Cultural Revolution" began, the leading cadres of the old Propaganda, Political Work, Public Security, Procuratorial, and Judicial Departments were overthrown overnight. Who replaced them? Kang Sheng, Chen Boda, Zhang Chunqiao, and Yao Wenyuan. Therefore, we should never forget those lessons. Generally speaking, the absolute majority of our comrades in all departments are now good. In the past few years, we promoted quite a few new cadres. They are also good comrades. Some are even very outstanding. However, we should never underestimate the influence of "taking class struggle as the key link" on one's department, in particular, in the Propaganda, the Political Work, and the Political and Legal Affairs Departments. Of course, other departments should not underestimate it either. Many ideas and doings in this respect have evolved over a long period of time. If we have a clear understanding of this, we will, to a considerable extent, understand why many propaganda and political and legal affairs cadres in factories and schools are not working with their minds at ease. Among them, some comrades have to start learning new methods and regulations because those they followed in the past are no longer suitable and, feeling it difficult to get used to the new, those comrades feel unimportant. This is not strange at all. When the whole nation was liberated 35 years ago, our millions of troops also felt unaccustomed to the sudden end to the fighting. Of course, there are many reasons why a number of comrades in the Propaganda and the Political and Legal Affairs Departments do not feel at ease. Some of the reasons deserve attention and problems have to be earnestly solved. For instance, an important matter is that there are indeed some party organizations which, ignoring ideological and political work, let problems remain undiscussed and unsolved for a long time. However, there is nonetheless an important reason for this, even a very important reason, which is that a number of cadres in the Propaganda and the Political and Legal Affairs Departments have not gotten used to the new tasks and methods as has been mentioned previously.

Then, what are our party and state as a whole doing now? We are engaged in achieving the four modernizations, developing productivity, and quadrupling the value of our total industrial and agricultural output. This is the most important task, the overall situation. Comrade Deng Xiaoping has made many important remarks on this subject. He said: All things should be centered around the four modernizations and the criterion to appraise whether our work in all fields is good or bad, right or wrong, whether what we are doing is conducive to the four modernizations. He has also particularly mentioned that achieving the four modernizations is the most important aspect of politics. As far as our party's guiding principle is concerned, this is indeed a tremendous change, a situation we have never experienced since the inception of our party. During the agrarian revolutionary war, the war of resistance against Japan, or the war of liberation period, our topmost task was to oppose imperialism and feudalism, a military struggle that naturally left the economic work behind. At the beginning, after the founding of New China, our party still had to give priority to eliminating the remaining counterrevolutionary elements and to land reform. Later priority was given to the three major transformations, after which we talked about economic and cultural construction. This was necessary then. The problem was that after completion of the three major transformations we erroneously indulged in "taking class struggle as the key link" for nearly 20 years, leaving our party in a precarious situation. It was not until the 3d Plenary Session of the 11th CPC Central Committee that we began changing the situation, truthfully putting the four modernizations and development of productivity in the most salient spot as a task outranking all others. That is why we have said this is the first time this has happened in the scores of years since the inception of our party. In the history of our party, the era of separation of economy from politics has thus ended.

Developing the economy, quadrupling output and successfully carrying out the four modernizations are indeed most fundamental.

Without striving to attain the four modernizations, the economy cannot be developed and we can talk about nothing at all. Only developing the economy to enable the state and people to become prosperous truly conforms to China's current reality, to the urgent demand of the vast number of China's people, to the historical mission of socialism in China and, genuinely, to Marxism. Our party stresses the four basic principles and the four political guarantees all for one purpose -- to strive for the four modernizations. Only this can truly manifest today's practical goal of the lofty ideals of our communism. Therefore, striving for the four modernizations is the most important aspect of politics and separating the economy from politics is a gross error. The work in all our departments, in particular, propaganda and the various ideological and political work, must be done in close connection with the four modernizations and quadrupling our total industrial and agricultural output. Only when this question is well settled can departments create a new situation in their work.

Second, the Relationship Between Theory and Practice

Any work of vital importance must be guided by a theory. It is guided either by a correct theory or a wrong theory. Likewise, any work of vital importance also has its own practical problems that are different from those of all other work and which go through frequent changes. In other words, comparing all other work, any work of vital importance inevitably has its different situations and characteristics and changes are constantly taking place in these situations and characteristics. There can never be identical situations, nor will these situations remain constantly unchanged. Therefore, to do departmental work well, we must not only pay attention to the question of theory and the question of general policies and principles. But we must also pay attention to the question of reality, particularly the question of the actual situation and concrete contradictions in our own departments. We must not pay attention to one at the expense of the other. To pay attention only to the question of theory and the general policies and principles while neglecting the question of reality and the actual situation and contradictions in our own departments, or to pay attention only to the reality while ignoring theory and the general policies and principles will invariably make us become onesided. Comrade Mao Zedong was so right when he said that, without theory, a person will act confused and rash and become bogged down in routine matters. Having no knowledge of reality, he will become an armchair politician and a dogmatist. We should take this whole epigram as our motto. It is therefore necessary to emphasize the following two points in carrying out ideological education among the cadres. One is to understand theory. Another is to know reality. As everyone knows, the greatest contribution made by Comrade Mao Zedong was his advocacy for decades of combining theory with reality. Among his works, the one he himself was most pleased with was none other than "On Practice." The reason that the Chinese revolution turned from failure to victory and our party was able to seize political power was because we relied on the guidance of Comrade Mao Zedong's brilliant thinking with regard to the integration of theory with reality and combined the universal truth of Marxism with the concrete practice of the Chinese revolution. The fundamental reason that Comrade Mao Zedong himself made mistakes later on was also because of a separation of theory from reality. Therefore, a close integration of theory with reality is our party's magic weapon that will never become outmoded. Of the party's three important styles of work, this is the first. Anyone who depreciates theory will not be able to accomplish anything. Likewise, anyone who disparages reality is bound to be unable to accomplish anything. We must pay close attention to the fact that, in the recent few years, we have often become onesided on this question. Sometimes, we would place emphasis only on theory. Sometimes, we would turn around to place emphasis only on reality. We must never make this mistake of onesideness again. Our slogan is: Integrate theory closely with reality. Comrade Mao Zedong made many famous remarks on this subject. Of course, Marx, Engels, and Lenin also left us with many well-known sayings. But it is still the sayings made by Comrade Mao Zedong that ring closest to the hearts of the Chinese people.

Speaking of theory, where do we find it? In the books, of course. We must study the classic works of Marxism. It is correct for us to have encouraged reading books and studying Marxism in the past few years. All comrades in the party should do some reading and those in charge of actual work must pay attention to reading some necessary theoretical books. It is all the more necessary, in particular, to encourage the young university students who have just been admitted as party members and are ill trained in the basic theories of Marxism, as well as those comrades doing ideological and political work and propaganda work, to spend more time in studying the works of Marxism. There are very many classic works of Marxism. So we must select some principal ones to study and persist in studying them. It is especially necessary to focus more attention on studying some economic theories of Marxism. In the meantime, it is also necessary to strive to gain as much knowledge in modern science and technology and in administration and management as possible. In short, we must study seriously to have a good grasp of the theoretical weapon. This is of utmost importance to our great cause of socialist modernization.

Of course, it must be pointed out here that the fundamental tenets of Marxism, the fundamental Marxist theory on the history of mankind and on capitalist society, are correct. However, this is not the case as far as the various ideas on socialist society Marx had in those years is concerned. Marx had always been opposed to making one assumption or another about future societies. This is precisely the distinct characteristic of his way of thinking. Marx did make some assumptions. For instance, he assumed that socialism would be built on the basis of public ownership of the means of production. This is undoubtedly correct. However, he did not expect that there would still be commodity economies under socialist conditions. His idea in this regard was quite different from our practice today. It would be a big mistake to say, after reading "Critique of the Gotha Program," that what the central authorities are practicing is not Marxism simply because it is not what Marx had stated. The fundamental tenets of Marxism are correct. However, even these tenets also need continuous development along with the development of the times. This is because Marxism is science, which cannot possibly stand still. With regard to Marx' various ideas on socialist society, still less can they be regarded as dogma. This is because our predecessors did not have and could not possibly have the kind of experience we now have. Therefore, in studying Marxism, we must adopt an approach of studying and analyzing it in close connection with realities. The purpose of studying it is to enrich our minds to guide our practice. Therefore, it is necessary to pay attention to distinguishing between what is still applicable today and should be upheld and what is not applicable today and must be creatively developed. This is the correct attitude in study. Otherwise, if we merely copy indiscriminately and mechanically, trimming the foot to fit the shoe, we will be dogmatists guilty of swallowing ancient learning without digesting it. Can we resolve the issues of China's four modernizations today with a dogmatic attitude? Do not assume that Marxist classics are remedies for all ills. Do not act like the legendary Social Democrats in Crimea ridiculed by Stalin who, when soldiers of the Tsarist Russian Black Sea Fleet asked how to revolt, held meetings to find out Marx' instruction on revolt in "Das Kapital" and his other works. Thus, our party suggested that as times develop, Marxism should also be enriched and developed. This is an unavoidable responsibility for us the descendants. Of course, practice alone can prove whether we have this ability or not and how capable we are. This requires our own efforts. As Marx' students, we should work hard to contribute to the enrichment and development of Marxism. It is necessary and correct to make this demand, whereas it is wrong not to do so.

Now let us discuss integrating reality. What is the foremost reality of present day China? The foremost reality is the drive to achieve the four modernizations and quadruple our industrial and agricultural output value.

Whoever works hard for the four modernizations and plunges himself into their practice will have grasped the foremost reality. Whoever refuses to study the four modernizations and throw himself into their practice will without any doubt be lagging behind. Economics is like a boundless ocean, where answers to many questions cannot be found in books but must be personally grasped through investigation and study. Some answers cannot be found in the country but must be sought abroad. In the final analysis, it is still necessary to plunge ourselves into the four modernizations and the practice of economic reform in order to understand economics. In addition, it is necessary to use our heads and conduct personal investigations. This requires far more effort than 1 or 2 days or 1 or 2 years. If comrades of some of our departments have failed to take the study of practical economic issues seriously in the past and missed the opportunity, they must not repeat in and miss the opportunity again. They must resolve to spend from 3 to 5 years going into it. It will not do to spend less time. Undoubtedly, to study reality means less time for other things. For instance, meetings should not be too frequent. No one can afford "mountains of paperwork and oceans of meeting" anymore. Meetings and paperwork must be drastically reduced.

Moreover, the actual conditions of our country indeed cover a vast area and are very complicated. Therefore, it is necessary to pay close attention to this complexity and recognize and stress the importance of suiting measures to local conditions. Take, for instance, agricultural reform. For years some Chinese localities have successfully carried out agricultural reforms with their own special characteristics while others have failed to do so. Why did this happen? To the surprise of nobody, it was because our country covers a vast area. The complicated and vastly different conditions in China require not only the central authorities' correct policy decisions and principles but also the painstaking efforts by the vast number of comrades in all departments and localities to personally conduct investigations and study in order to understand and successfully carry out an undertaking. In short, it is necessary to follow correct ideological and work methods by personally studying a matter in order to obtain direct knowledge. Indirect knowledge will not do.

Third, the Relationship Between Destruction and Construction

In his late years, Comrade Mao Zedong put forward a formulation of a principled character that said: "Put destruction first and, in the process, we have construction." This proposition, as a universal law of natural sciences, is of course untenable. It is also untenable as a theory of social sciences. This has been proven by practice since the founding of the country. This is a serious error made by Comrade Mao Zedong because this proposition does not concur with the reality of the historical development of our party. From an overall view, our party has gone through two different historical stages. In the earlier historical stage, which covers the period from the founding of the party to the establishment of New China, or, to the basic completion of socialist transformation, we wanted to topple the rule of imperialism and feudalism and destroy capitalist private ownership in order to establish a socialist society. In this sense, the general political task had to be "putting destruction first and, in the process, having construction." However, in the latter historical stage, that is, after the establishment of New China, especially after the basic completion of socialist transformation, our general political task has been shifted from destroying the old social system to developing productive forces and carrying out socialist modernization on the basis of the new social system. From an overall strategic view under such circumstances, should we continue to regard "putting destruction first" as a general principle? Isn't a shift to "putting construction first" necessary? We should change the proposition to "putting construction first and, in the process, having destruction." All "destruction" must and can only be subordinated to "construction."

Because the historical conditions are different, the basic tasks and propositions should also be different. In the light of this, the abolition of the proposition of "putting destruction first" in the new historical stage is entirely correct.

Next, let us analyze the experiences in the ideological and political work over the past several decades. How has the work been done? It should be pointed out that our ideological and political work has been indeed imbued with glorious traditions over the decades, which should be affirmed. However, we have also accumulated unhealthy, or even evil, old habits. First, the glorious traditions are namely those fine styles of conducting lively ideological and political work and going deep among the masses, which were formed and developed during the years of revolutionary war. Why were we able to carry out lively ideological and political work at that time? It was because we, first of all, linked the fundamental reasons for revolution, such as toppling imperialism and overthrowing Chiang Kai-shek, with the masses in a simple language easily understood by ordinary people and, second, we went deep among the masses, showing concern for the serving them. For example, Red Army cadres and party members tucked in the fighters' sheets at night, washed and warmed their feet, served meals to the wounded, and carried water for the masses, winning their hearts with exemplary deeds. In this way, cadres and soldiers merged as one and the party and the people became an integrated body. However, the ideological and political work somewhat changed after the victory of the revolution, primarily after the rise of the "leftist" hotchpotch. Going deep among the masses and showing concern for them was not even regarded as doing political work. Hence, the masses and showing concern for them was not even regarded as doing political work. Hence, the mass line was gradually forgotten. While this tradition has now been reinstated in the Armed Forces, ideological and political work still is largely inadequate in our universities. Without approaching the students, we simply cannot hear the voices of the masses. How can we expect to accomplish anything simply by sitting in a room to do research work? We should approach the masses, go to the mess halls and to the dormitories of the teachers, staff members, and students. Of course, we should give the students some lessons on political theories, because this will help them develop a scientific and revolutionary outlook on the world and their lives, but we should also go directly into their lives, be concerned with the masses' well-being and listen to their voices. This is the most effective ideological and political work. How can we forsake this fine tradition? This is what the need of doing ideological and political work is all about. It is one of our fine traditions.

Secondly, we do have some bad, or even very bad, old habits. This is to say that, over a long period of time, we have completely equated ideological and political work to ideological struggle. Of course, some of our documents still mention the need for ideological struggle. Generally speaking, they are quite right. We know that Marxism was developed in the course of ideological struggle. At the very beginning of his important article "Combat Liberalism," Comrade Mao Zedong said: "We stand for active ideological struggle because it is the weapon for ensuring unity within the party and the revolutionary organizations in the interest of our fight." We will not give up this weapon now or in the future. But we must admit that over a considerably long period after the founding of the Republic, ideological struggle was grossly abused, so much so that inner party life or even the life of the people was seriously affected. This is a mistake we must firmly correct. Facts have repeatedly indicated that, specifically under the grand label of "ideological struggle" we have gone too far in carrying out the so-called "struggle" against party members, nonparty members, intellectuals and objects of our united front work, as well as peasants and workers.

The so-called "ideological struggle" refers to "struggle between the two lines," and "struggle against deviations," which refer to the so-called mountain-stronghold mentality, provincialism and local nationalism, as well as rightist opportunism, revisionism, and so forth. We are not saying that we should completely deny the fact that these deviations existed in one way or another, the question is that they have been extremely exaggerated in the past, and that many things were indeed totally fabricated. In short, the "struggle between the two lines" and "struggle against deviations" never stopped, and when they came along, the whole party and the whole nation stopped working in order to participate in launching political movements. Coming along with these struggles were struggles against this or that kind of "elements." This way of completely equating ideological and political work with ideological struggle was indeed a bad habit cultivated over a long period of time, and this bad habit runs counter to our party's fine tradition of doing ideological and political work.

This bad habit has in fact been discredited since the 3d Plenary Session of the 11th CPC Central Committee. At least it has been discredited in the Central Committee's guiding thinking. Since our country has eliminated the exploiting classes and there are no formidable opponents or subversive forces, since those ideologies associated with feudalism and capitalism are no longer predominant, and since the general political task of the whole party and the whole country is to work with one heart and one mind to build a modern socialist country, why should we continue to "put destruction first"? Therefore, in view of the China's current practical needs, we must renounce this slogan and method because, first of all, it might give rise to new chaos. Second, it could seriously affect the four modernizations. And third, it could damage our international image.

Of course, when we say that we must oppose "putting destruction first," we do not mean that there are no more hostile elements or class struggle in the country, much less do we mean that there will no longer be any ideological and political strength. This issue has been discussed in the "Resolution on Certain Questions in the History of the Party Since the Founding of the PRC" and the report of the 12th party congress, which says that "within certain limits, class struggle will continue to exist for a long time," and that "hostile elements of different shades are still attempting to undermine or overthrow our socialist system in the economic, political, ideological, cultural, and other social spheres." We hold that the current issue is: We should specifically and appropriately analyze specific struggles in the future.

It seems that we should differentiate among these several targets. First, those that must be firmly rebuffed. Such targets include elements having committed serious criminal offenses, and elements having committed serious economic crimes. We must firmly strike at these two types of criminal elements, who will continue to exist for a long time, and we must never be soft on them. As to the "three types of people," it is a problem left over by history, and after they have been liquidated during the current party rectification, there will be no new ones in the future. Such being the case, those we must continue to strike at persistently and for along time to come are the two types of elements having committed serious crimes. To struggle against elements having committed serious crimes, we certainly must rely on the broad masses of people, but we must pay attention to perfecting the legal system. Our ways of punishing these elements should be based on law and facts, and the criminal sanctions against them must be executed by the judicial departments. We must also realize that, among the elements having committed serious crimes, the seriousness of each individual case is different, and so we should not regard all elements having committed serious crimes as hostile elements deliberately attempting to sabotage and overthrow our socialist system. Although certain elements that have committed serious crimes must be punished, we cannot say that they all are knowingly opposing socialism. Can we call those people in capitalist countries who have violated their criminal law elements opposed to capitalism? The same principle applies here.

Of course, we must clearly realize that there certainly are hostile elements in our country that deliberately want to sabotage and overthrow our socialist system, as we have said before. But the actual situation has indicated time and again that there are very few such people, and they are a tiny minority even among those elements who have committed serious crimes.

The second type of targets are extremely erroneous tendencies, which can be seen within the party and in society. Two erroneous tendencies we have pointed out during party rectification are abuses of authority to seek personal gains and extremely irresponsible bureaucratic attitudes. During our current reforms, there are also unhealthy tendencies. The first gust of unhealthy tendencies can be seen among the functionaries of certain party and state organs engaging in speculative buying and selling. The second gust of unhealthy tendencies can be observed in certain enterprises that have intentionally hiked prices of their goods. There are also other unhealthy tendencies. These are all extremely erroneous tendencies. Do we have to expose and handle all these tendencies? Of course we must. But we must not do so by launching movements, let alone suspending production to launch movements, otherwise the situation will again become chaotic. In short, we should settle such contradictions by means of education, criticism, exposure, and investigation. Does this mean that we have renounced struggle? Certainly not. It shows that our work is done more properly, and that our direction is even more clear-cut.

The third type of targets are issues regarding two different ways of thinking, two different work styles, and two different stands. Since the capitalist world will not become socialist within a short time, and because of the influence of history and the habits of thousands upon thousands of people, these issues will continue to exist for a long time to come. They cannot be settled in several decades. We are afraid that we might have to work for as long as several hundred years before these issues can be settled step by step. Ideological education, whose role must never be neglected, is undoubtedly entirely necessary. But we should not overemphasize the role of ideological education. If we do, any problem that occurs would seem to be the responsibility of those who do ideological work. This is not fair. We cannot imagine that any problem can be resolved as long as everybody attaches great attention to ideological education. This would be a simplification of problems. What then can we do to handle the issues concerning two different ways of thinking, two different work styles, and two different stands? Our principle remains that of dealing with them through education, heart-to-heart talks, criticism, and self-criticism -- as long as they are within the scope permitted by the state Constitution and the law -- and not the so-called "mass criticism" or denunciation as in the past. Several years ago we put forward the principle of enlightening, but it seems that this principle has not been fully explained. By enlightening, we do not simply mean heart-to-heart talks or criticism. For example, should positive exposition be regarded as enlightening? Should commendation and establishing advanced examples be regarded as enlightening? Should implementing policies and solving practical problems be also considered enlightening? All these can be considered enlightening. Enlightening is still a good way because experiences gained in the past several decades show that such simplistic and crude method as the so-called "blazing a way with mass criticism" was unsuccessful. What then can paper do when it has published an erroneous, or even harmful, article? We hold that its editors must guard that pass in the first place. In case they have made the mistake of publishing what ought not be published, they should take remedial measures, such as writing commentaries to straighten things out by reasoning. The advantage of using commentaries, and not denunciation, let alone mass criticism throughout the party and the whole country, is that they can uphold truth, correct mistakes, set people's minds at rest, and promote the good practice of democratic discussion.

To sum up, on the question of the relationship between destruction and construction, we do not mean to say that destruction is no longer necessary from now on. Instead, the issue is that we should correctly handle the relationship between destruction and construction and persist in "putting construction first." Take the reform of the economic structure as an example. In the course of reform, we should, of course, destroy many old rules and systems that must be destroyed. In the first place, however, this "destruction" should only serve the work of "construction" to achieve the four modernizations and to quadruple the value of the total annual industrial and agricultural output. It should only promote and should in no way disrupt the stability of our society, development of production, improvement of the people's living standards, and boosting of our country's financial resources. Second, destruction of old systems should be integrated with construction of new ones. On no account should it be allowed to merely "destroy" the old without "constructing" the new or to "destroy" the old first and then consider other things. As another example, in the campaign of "five stresses, four beauties, and three ardent loves" that we have proposed, it is also necessary, of course, to destroy many unhealthy ideas, styles, and habits. But this "destruction" should only serve the general purpose of "construction," which encompasses the "construction" of new styles, the achievement of the four modernizations, and the quadrupling of the value of the total annual industrial and agricultural output.

Fourth, the Relationship Between Those Who Lead and Those Who Are Led

Each of our departments is in charge of some units. These units differ in the nature of their work, and their situations and personnel are also different. For example, both the State Planning Commission of our government and the Propaganda Department within the party are departments characterized by the largest number of units under their charge and the largest scope of work. Take the Propaganda Department for example. Its work involves the fields of theory, education, literature and art, journalism, publications, cultural relics, mass culture, and external propaganda. It requires enormous energy and broad and profound knowledge to establish good work relationships with units in so many fields, while it is generally impossible for our comrades to have such energy and knowledge. The scope of activities is so broad, and nobody can be versed in all the fields involved. This is a contradiction. Not only the departments doing propaganda work but also many other departments are confronted with this kind of contradiction. What shall we do? There is no wonderful way. The only way is still what Comrade Mao Zedong told us: Be a student as well as a teacher; be a student before you become a teacher; be a teacher and, at the same time, be a student, and constantly be a teacher and student. To this, we may add one more thing: It is more important to be a comrade and friend. In this way the relationship between the two sides will be more lively, and they can talk in an attitude of equality. The relationship between those who lead and those who are led may be described as such a dialectical relationship in which they are both comrades and friends and, at the same time, they are each other's teacher and student.

Our contingent of cadres must strictly abide by discipline, and those who are led must seriously carry out the various correct decisions made by the central authorities and the leadership at all levels. There should be no perfunctoriness in this in the slightest. On the other hand, however, leaders must constantly learn from those who are led by them. Long ago Confucius said: "Among three persons walking together, there must be someone who can serve as my teacher." Here the three persons or two of them were definitely not his superiors.

Han Yu of the Tang Dynasty had a more explicit saying. He said: "The disciple is not necessarily inferior to the teacher, while the teacher is not necessarily better than the disciple." This saying is very dialectical and well worth our attention. Every one of our comrades appointed to do leading work should uphold "one purpose, dual status." "One purpose" means to serve the people wholeheartedly. Each comrade should set about wholeheartedly serving the people and being sharply against seeking personal gains through taking advantage of power and against other unhealthy practices of one kind or another and should discuss this question on a grand scale. By "dual status," we mean that each comrade is both the leader and a comrade of those whom he leads and should, first of all, learn from them. The status of the leader is not innate, nor does it have a lifetime tenure. It represents a duty and a responsibility that the party lets someone undertake within a certain scope for a certain period when the party deems it necessary and appropriate for someone to do so. For this reason, there is no disgrace for a leader to acknowledge that he is inferior, in many aspects, to those who are led by him. Nobody is omniscient and omnipotent, and it will never be possible for one to become omniscient and omnipotent. If a leader does not understand a question, he should study it intensively. In particular, if he is in contact with many fields of work, he should redouble his efforts to delve deeply, in a humble way, into the numerous fields about which he has scanty or no knowledge. He should study intensively, one by one, those fields in which phenomena are governed by their respective special laws. First, efforts should be made to grasp what is governed by the respective special laws in these fields. Second, it is necessary to strive to grasp the striking questions and advanced experiences in the work of these fields. All these should be discussed democratically with other comrades. In no way should a leader pretend to know what he does not know. When a question is made clear through discussion, a solution should be arrived at. If the question remains unclear after discussion, it is necessary to wait for some time. In many circumstances, waiting is also an indispensable prerequisite for solving questions.

The relationship between those who lead and those who are led should be turned into one characterized by the practice of giving mutual encouragement, learning from each other to make up for each other's deficiencies, and working together with one heart. Where discord and dissonance exist, the leaders and their followers should remedy this by strengthening their unity and looking ahead. Everyone has shortcomings and may make mistakes. The only difference lies in that some have serious shortcomings and mistakes, and some have minor shortcomings and mistakes, and that some have more, and some have less. They should not take this to heart at all times. In the interest of the prosperity and development of our common cause, it is extremely important for all our comrades to work with one heart, unite, and look ahead. (Originally published in Issue No 3 of 1985 HONGQI)

HU, ZHAO AT MEETING ON OPENING MORE REGIONS

OW311736 Beijing XINHUA in English 1612 GMT 31 Jan 85

[Text] Beijing, January 31 (XINHUA) -- Three more coastal regions should be opened to the outside world, a State Council-sponsored meeting which closed here today proposed. The three regions are the Yangtze and Pearl River Deltas, and parts of southern Fujian Province covering the cities of Xiamen, Zhangzhou and Quanzhou.

The officials attending the seven-day meeting proposed that the cities, counties and businesses in these regions should be given more decision-making powers in using foreign funds, importing technology and handling exports.

These officials, representing Guangdong, Fujian, Jiangsu and Zhejiang Provinces and Shanghai municipality, believed that the new step would be of strategic importance to the nation's current economic reforms. These areas, which are relatively developed, are expected to serve as models for other parts of the country in carrying out the open policy. The proposals, according to the established rule, must now go before China's top authorities.

Participants also stressed the importance of using modern and scientific management methods to direct and promote the open policies.

Chinese leaders including Hu Yaobang and Zhao Ziyang met the 90 participants at the meeting. Central authorities have called on these and other coastal regions to plan their economic development in the order of priority of foreign trade-industry-agriculture. These areas should be geared to produce whatever goods which have a market abroad.

ZHAO ZIYANG INSPECTS COAL MINES IN NORTH SHANXI

HK010137 Taiyuan Shanxi Provincial Service in Mandarin 2300 GMT 31 Jan 85

[Text] Zhao Ziyang, member of the Standing Committee of the Political Bureau of the CPC Central Committee and premier of the State Council, carried out investigation and study of some counties in Yanbei Prefecture and Datong City from 26 to 30 January, specifically investigating the production and future potentials of township coal mines. He was accompanied by Wang Senhao, deputy secretary of the Shanxi Provincial CPC Committee and governor; and by responsible comrades of departments concerned of the State Council.

Datong City and a number of counties in Yanbei Prefecture, which form part of the Datong coalfield, have extremely abundant coal reserves. In the 5 years since 1980, township coal mine output in the prefecture and city has amounted to 58.05 million tons, accounting for 28 percent of total output of the Datong coalfield during the period. Coal output of the township coal mines in 1984 reached 20.19 million tons, a rise of 40.99 percent over 1983. The township coal mines have become an important force in local coal production.

During his investigation, Premier Zhao listened to reports delivered by Governor Wang Senhao, Yanbei Prefectural CPC Committee Secretary (Bai Xinghua), and Datong City Mayor (Wang Yulong) on current work and coal production and transport. He specifically invited the secretaries and county and district governors from Zuoyun, Huaiyuan, Pinglu, Shanyin, and Hunyuan Counties and the southern outskirts of Datong City to a forum, to ask them detailed questions on the production, safety, investment per ton, technological transformation, and future developments in the township coal mines, and also on current problems that urgently need solving.

During these reports, Premier Zhao gave strategic views on the production, resources, technological transformation, and transport of the township coal mines. He repeatedly stressed: Considering the superior characteristic that there is water and coal along the Huang He, we should build more medium and small thermal power plants, and switch from shipping coal out to transmitting electricity instead.

Premier Zhao also stressed: Township coal mines have extremely great vitality. They represent an important pillar of economic development in Yanbei and Datong, and are also an important means by which the peasants can get rich. When coal production is organized, all other undertakings can be brought along, too.

Premier Zhao also paid a special inspection visit to (Xiaohaigou) coal mine in Zuoyun County and (Dongxing) coal mine of (Wujiayao) town in Huairen County. He praised the method of these two mines in achieving rapid results from little investment.

(Xiaohaigou) coal mine is jointly operated by (Zhangjiatang) and (Chenjiayao) Townships in Zuoyun County. In 1972, relying on their own efforts and pooling the wisdom of the masses, they established a small mine producing 15,000 tons of coal a year. Afterward they adopted the snowball method by carrying out simultaneous production, improvement, reconstruction, and expansion, and dug the mine deeper. In 1982 they built a new shaft producing 150,000 tons of coal a year. Total output in 1984 was 302,000 tons, a rise of 37 percent over 1983. In the 4 years since 1984, the mine has made an after-tax profit of 8,162,000 yuan, 5,614,000 yuan of which have gone back to the townships.

(Wujiayao) is one of the eight towns in Huairen County. It has rich underground coal resources. The town has set up 10 township coal mines. In the past 2 years, coal output has risen sharply as a result of continued development of these mines. Output in 1984 reached 662,000 tons. Following the increase in coal output, distribution per capita has also increased by a great extent. Average distribution in 1984 was 1,150 yuan, an increase of 524 yuan over the record year of 1983.

Premier Zhao Ziyang pointed out: Township coal mines should work up a considerable output through continually carrying out self-improvement. They can then become the main form of developing energy in coal-rich areas.

On the afternoon of 28 January, Premier Zhao Ziyang and his party visited Youyu County, where they inspected tree shelter belts along the Cangtuo He and climbed to the highest point in the (Xinbao) forest farm. In the evening they listened to a report on developing forestry and animal husbandry. Premier Zhao expressed satisfaction with Youyu County's 16-character principle on planting grass and trees, developing animal husbandry, promoting wealth for all, and [words indistinct].

While inspecting Zuoyun and Huairen, Premier Zhao also paid special visits to a number of peasant households that have gotten rich from coal production. He asked detailed questions about their production and livelihood, and encouraged them to increase accumulation, expand production, and be peasant entrepreneurs.

WAN LI URGES HELPING MINORITY NATIONALITIES

HK311157 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 30 Jan 85

[Text] After Wan Li, CPC Central Committee Political Bureau member and vice premier of the State Council, recently inspected construction in Hainan's Li-Miao Autonomous Prefecture, he said: It is necessary to take vigorous measures to help minority-nationality areas get rich as soon as possible. He also wrote an inscription for the autonomous prefecture. The inscription read: Carry forward revolutionary tradition, strengthen the unity of nationalities, popularize scientific knowledge, study management, and speed up the four modernizations.

Comrade Wan Li inspected work in the autonomous prefecture on 22 January. He went deep into the (Lingshuihe) village of Miao nationality and the (Fanmao) village of Li nationality to understand the life of the compatriots of Li and Miao nationalities.

He saw that there was a relatively great disparity between the food, clothing, and shelter of the compatriots of Miao nationality and those in the neighboring state-run tea farm. He said: The economy in minority-nationality areas is too backward. They must cultivate more industrial crops and develop diversification. The neighboring state-run farms, tea farms, and tree farms are bound to help them get rich and must give them assistance. It is essential to gradually diminish the disparity between minority-nationality areas and areas of Han nationality and state-run farms so as to promote the unity of nationalities. This is a great policy.

Comrade Wan Li said: The autonomous prefectural government must first show concern for the interests of minority nationalities and must support them in all aspects, ranging from production to education. Li, Miao, and Han nationalities must rely on each other even more, must help each other, and must make progress together. Minority nationalities live in mountainous areas, which are rich mountains, not poor mountains. This therefore requires science and technology, and it is imperative to study management, to promote agriculture, industry, commerce, and communications simultaneously, to run some enterprises, and to run schools well.

ZHANG AIPING URGES ELECTRONICS INDUSTRY GROWTH

OW311654 Beijing XINHUA in English 1506 GMT 31 Jan 85

[Text] Beijing, January 31 (XINHUA) -- Military Chief Zhang Aiping today urged the electronics industry to expand production to meet the needs of economic development and people's life. Addressing a national electronics conference here, he said the industry's development was a vital step on China's road to strength and prosperity.

Zhang, deputy secretary-general of the Communist Party Central Committee's Military Commission, said the industry should strive for independence and self-reliance, as well as raising quality and boosting competitiveness. China could not avoid importing electronic parts at the moment, but it should develop its own products as quickly as possible, he said.

Zhang said defense industry factories should supply civilian businesses with advanced technology. This would greatly help the national economy and raise the standards of civilian products. But the military supplies factories must not slacken in the production of modern weapons, he said. There were needed to ensure the country's security, he added.

The defense chief also stressed providing institutions working on sophisticated technologies with adequate funds plus special allowances, if necessary.

FUJIAN BUREAU DIRECTOR EXPELLED FOR ABUSING POWER

HK310425 Beijing RENMIN RIBAO in Chinese 25 Jan 85 p 4

[Report by reporter Zeng Xiangping: "Wu Zhangqi, Former Director of Quanzhou City's Labor Bureau, Expelled From the Party for Rejecting Correct Organizational Punishment"]

[Text] After being dismissed from his post and placed on probation within the party for his gross mistakes, such as seeking jobs for his wife and daughter by preparing forged certificates and practicing fraud and retaliating against those who exposed his mistakes, Wu Zhangqi, former director of the Labor Bureau of Quanzhou City in Fujian Province, showing no sign of repentance, carried out activities to reverse the correct verdict by fabricating facts, thus creating a bad situation both inside and outside the party. With the Central Discipline Inspection Commission taking up the matter, he has been recently expelled from the party.

The General Office of the Fujian Provincial CPC Committee issued a circular on this matter to party organizations at various levels throughout the province.

Taking advantage of his special relationships with those concerned in charge, Wu Zhangqi and his wife Yang Cuiying (a party member) forged a "register of assessment of staff and workers in collective units in Hian County" in 1973, a report of her work experience between 1957 and 1973, and a "certificate of wage transfer." In February 1974 she was thus assigned to work in the Quanzhou City Daily-use Handicraft Factory as a "grade-3 plastics skilled worker." Using his influence and irregular means in many ways, he managed to transfer Yang Cuiying to work in the city's general trade union, enabling her to be a staff member of a unit under the system of ownership by the whole people from a worker of a unit under the collective ownership system in 1977. Zhuang Qionghua, a woman worker who knew the facts in Yang's case, disclosed the truth among the workers of the factory and said: "Before coming to this factory, Yang Cuiying was jobless. She was assigned to work here through back-door dealing." Wu Zhangqi and his wife were extremely discontented with Zhuang. Taking advantage of the city discharging the "temporary workers employed in an unplanned way and without permission" between 1976 and 1977 and abusing his power, in April 1978 Wu Zhangqi dismissed Zhuang Qionghua, who was not a dismissal target as stipulated by the then relevant document. Zhuang was forced to appeal to and lodge complaints with the higher authorities on many occasions. Even when the prefectural and city Discipline Inspection Commissions were conducting a joint investigation on his case, Wu Zhangqi still assigned her daughter a job by abusing his power and violated the regulations concerning worker recruitment. Pressed by the provincial CPC Committee and the provincial Discipline Inspection Commission, in September 1980 the Jinjiang Prefectural CPC Committee and the Quanzhou City CPC Committee handled the case as follows: Wu Zhangqi was placed on probation within the party for 1 year, and a proposal was made that he be dismissed from his post. Yang Cuiying was given a serious disciplinary warning within the party and a proposal was made that she be discharged from the factory administratively.

After Wu Zhangqi and Yang Cuiying were punished according to party discipline, they refused to accept the correct organizational punishment, persisted in their mistakes, repeatedly appealed to the higher authorities, and lodged false accusations against the cadres of the prefectural and city Discipline Inspection Commissions, asserting that the latter retaliated against them. They even went so far as to provide GONGREN RIBAO with false information in an attempt to befuddle and confuse public opinion, thereby creating a very bad situation in Jinjiang Prefecture and Quanzhou City. During his probation period Wu Zhangqi refused to accept the job that the organization assigned to him. In March 1982 the city CPC Committee decided to assign him to work in a company in charge of sundary local products, but he refused to accept the job despite repeated persuasion work by the director of the Organization Department. After the formal notice of job transfer was officially sent to Wang Zhangqi, although the city's Personnel Bureau repeatedly sent written notices to him, urging him to report to his new work unit, he still refused to go. It was not until June 1983 when a wage readjustment was carried out among office workers that he reported himself with the company. His work performance was very poor. He persistently wrote letters and engaged in activities to reverse the correct verdict. Some people who were criticized during the handling of Wu Zhangqi's case lodged appeals on behalf of Wu and Yang, claiming that Wu's case was an unjust and wrong one.

To clarify some facts and distinguish right from wrong, the Central Discipline Inspection Commission formed a reexamination team and asked the Fujian Provincial CPC Committee, the provincial Discipline Inspection Commission, the All-China General Trade Union, and GONGREN RIBAO to send their men to participate in the reexamination of the case of Wu Zhangqi and Yang Cuiying, which was held between April and June last year.

The reexamination team conducted investigations in 64 units and had talks with 134 people, thus obtaining testimony and material evidence. At the same time it heard the appeals presented by the persons concerned and checked the facts. The outcome of the reexamination indicates that the main mistakes of Wu Zhangqi and Yang Cuiying as firmly believed by the prefectural and city Discipline Inspection Commissions were true, the determination of the nature of their mistakes was accurate, and the handling of the case was appropriate. Despite repeated education and help offered by the reexamination team to them, Wu and Yang did not change much. In the face of irrefutable facts, they still reasoned fallaciously and refused to confess and admit their mistakes. In order to enforce party discipline and educate party members, the Jinjiang Prefectural CPC Committee and the Quanzhou City CPC Committee decided to inflict additional punishment on them and to expel them from the party in accordance with the suggestions of the reexamination team of the Central Discipline Inspection Commission.

The circular of the General Office of the Fujian Provincial CPC Committee points out: In accordance with the principle of "learning from the past to avoid future ones and curing the sickness to save the patient," it is duty-bound for all party organizations and communists to help with warmheartedness comrades who have committed mistakes to squarely face and correct their mistakes. However, on no account must we be indulgent toward those who persist in their mistakes, refuse education by the party organization, and carry out activities to reverse correct verdicts, and still less to abet them. Handling of the case of Wu Zhangqi through a reexamination process is an embodiment of upholding the inviolability of party discipline and party spirit and adhering to the principle of seeking truth from facts. It is undoubtedly an education among the vast numbers of party members in party spirit, party style, and party discipline. Every communist must uphold the party spirit, hold firmly to the truth, and have the courage to wage a struggle against all erroneous tendencies.

Commentator's Article

HK310429 Beijing RENMIN RIBAO in Chinese 25 Jan 85 p 4

[Commentator's article: "Refusing To Admit One's Mistakes Is Not Permitted"]

[Text] The correct attitude of a communist toward his mistakes must be to be bold in admitting his mistakes, earnest in analyzing himself, and to correct his mistakes by actual deeds. However, Wu Zhangqi and Yang Cuiying did not do so. Not only did they refuse to admit their mistakes but they also wilfully made trouble again and again and even went so far as to fabricate the facts with a view to reversing the correct verdicts. This made their mistakes more serious. What they said and did seriously departed from the ideological qualities and work style which communists should possess, and is incompatible with party discipline. It is entirely correct for the Jinjiang Prefectural CPC Committee and the Quanzhou City CPC Committee to expel Wu Zhangqi and Yang Cuiying from the party. If this had not been done, it would have been impossible to foster a spirit of uprightness and combat unhealthy trends and evil practices.

In accordance with the stipulations of the party constitution, in case he disagrees with the punishment the party organization gives him, any party member is allowed to lodge any appeal with the party organization. This is a right a party member is entitled to enjoy. Of course, in lodging any appeal with the party organization, all party members must adopt a fact-finding attitude. They are not permitted to refuse to admit their mistakes, and still less carry out activities to reverse correct verdicts using the rights that the party constitution gives them.

The handling of the mistakes committed by Wu Zhangqi and Yang Cuiying was undertaken by the Jinjiang Prefectural CPC Committee and the Quanzhou City CPC Committee through repeated investigations and verifications and under the guidance of the Fujian Provincial CPC Committee and the provincial Discipline Inspection Commission. Wu Zhangqi and Yang Cuiying carried out activities to reverse the correct verdicts by taking the advantage of various opportunities, such as the emancipation of the mind, the development of democracy, and the implementation of policies as encouraged by the party rather than squarely facing their mistakes. Even after the Central Discipline Inspection Commission and the departments concerned affirmed that the main facts of the case were clear, the evidence was irrefutable, the determination of the nature of the mistakes was accurate, and the handling of the case was appropriate after conducting a joint reexamination of the case, they still adopted an erroneous attitude and showed no sign of repentance. All these facts show that Wu Zhangqi and Yang Cuiying have completely forfeited their party membership.

What warrants attention is that out of incorrect considerations and ignoring party principles, some local leading cadres wrongly bolstered and encouraged Wu Zhangqi and Yang Cuiying in carrying out their activities to reverse the correct verdicts. Their practices have done both Wu Zhangqi and Yang Cuiying and themselves harm. This is because our party cannot ignore such erroneous actions in gross violation of party principles. At this late hour these comrades must quickly wake up to their errors, deepen their understanding, bear this lesson seriously in mind, and make sound self-criticisms. The party organizations of the departments concerned must criticize or punish the specific comrades who committed gross mistakes but have persisted in their mistakes.

Over the last few years, since the beginning of the overall party rectification in particular, there has been a distinct turn for the better in party style and in the standards of social conduct. However, to bring about a fundamental turn for the better in party style, much painstaking and meticulous work has to be done. In the present situation in which the economic structural reform is being carried out, it is more necessary to firmly grasp education in party spirit, party style, and party discipline, to constantly enhance the ideological and political consciousness of party members, heighten the awareness of party members and cadres on organization, policy, and law and discipline, and to wage a resolute struggle against all unhealthy tendencies harming the interests of the party and the people and all actions in violation of the law and discipline. This will ensure the smooth progress of the economic structural reform, the opening to the outside world, and the healthy development of China's four modernizations program.

SOME MANAGERS AFRAID OF ACCEPTING JUST REWARDS

HK010407 Beijing CHINA DAILY in English 1 Feb 85 p 4

["It Seems to Me" column by Zhang Xiaobei: "Some Managers 'Afraid' To Accept Just Rewards"]

[Text] Although accepted in theory as the guiding principle for income distribution during the period of socialism, "to each according to his work" is often not put into practice in China today.

Huang Beirong, manager of the Service Company of East China Normal University in Shanghai, has recently made great improvements in the university's ancillary services. As a consequence, his staff has been given pay raises, and some are now earning more than 100 yuan per month. But Huang, the most industrious person in the company, is still only getting a little more than 60 yuan. The university authorities wanted to reward Huang's hard work with a pay increase, but he would not accept it. This case is not unique.

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Associate Professor Wen Yuankai, well-known for his courage and foresight in promoting reform, is the head of the Chemistry Teaching and Researching Department in China's Science and Technology University.

Under his management, the department staff have not only fulfilled their teaching obligations, but have also made considerable progress in their scientific research. The department has made money for the university by selling its consultancy services and doing some studies commissioned by private customers.

Teachers in Wen's department have been awarded bonuses in accordance with their workloads and the extent of their contribution to the recent progress. The old system of payment according to seniority and absolute equality in the allocation of bonuses has been abolished, but Wen himself has only accepted the lowest bonus.

Why did both Huang and Wen act in this way? They are courageous in the promotion of reform, but it seems that they do not accept the socialist principle of "to each according to his work." There is an old Chinese saying that, "a man of moral integrity cares more about justice than his own interest; only base men act solely for their personal gain." In the old days, this was the motto of many Chinese intellectuals. Perhaps Huang and Wen subscribe to this philosophy? Or maybe their actions show a high level of political consciousness?

In my opinion, neither of these are the real reason. Huang and Wen refused to accept the same level of pay as their colleagues and staff because they were afraid of what other people would say about them and they wanted to prove that their wholehearted promotion of reform was for the good of their universities and their country, and not merely inspired by self-interest. Although I appreciate their spirit of self sacrifice, I cannot accept their attitude. They are actually making compromises for the sake of a few gossips.

Not long ago, a group of Shanghai managers went to Shenzhen for a visit. When they were told that the average salary of the local managers was more than 200 yuan a month, much higher than the average wages of local workers and staff, they were surprised and felt rather uncomfortable about it. A manager in his twenties explained to his embarrassed guests that "this is normal practice in Shenzhen Special Economic Zone, and conforms to the socialist principle of 'to each according to his work.' I'm the manager, so my load of responsibility is greater than that of anyone else's here in the factory. If I do a good job, it is fair for me to get better pay than my workers and staff. If I cannot do my work properly, the factory can replace me with a more capable person." His argument seems to me to be more convincing than Huang and Wen's attitude.

Both Huang and Wen are pioneers in the present drive for economic reform. But their thinking still lags behind that of Shenzhen managers. They aim to break away from the old "iron rice bowl" system, but dare not set a fine example themselves. Nowadays some coal miners can earn 200 to 300 yuan a month, Some taxi drivers can also earn several hundred yuan when they sign a responsibility contract with their companies. But the monthly incomes of all miners or taxi drivers are not the same. They vary according to their work. And all these miners and drivers regard this system as fair and defy the gossips.

People used to say that our educated people are too conservative. But in my opinion, it is not they who are to blame. This situation is the result of the "Cultural Revolution" when educated people used to be targets of criticism. With all these bitter experiences, many of them have become overcautious.

' Another example of this lingering fear is the story of Hu Daofen, a hard working woman scientist. She was rewarded with a bonus of 10,000 yuan for her excellent research work last year. But at first she did not dare to take the money because she was afraid of what people would say about her. She finally accepted it on condition that part of the money be donated towards social welfare facilities. Only after much persuasion by state leaders did Hu feel justified in using this money to improve her family's own standard of living.

These examples show that old ideas still linger on in many people's minds, including pioneers of reform. Therefore, we must continue our efforts to root out outdated ideas, in order to promote the four modernizations. Leaders at all levels should be firm in practicing the principle of "to each according to his work" and should have the courage to give handsome rewards to those people who have made great contribution to our socialist construction.

CHANGES IN NATIONAL ADMINISTRATION AREAS

OW312106 Beijing XINHUA Domestic Service in Chinese 0815 GMT 30 Jan 85

[Text] Beijing, 30 Jan (XINHUA) -- The Ministry of Civil Affairs recently announced changes in administrative divisions at and above the county level in the second half of 1984.

Nei Monggol Autonomous Region: Linhe County was abolished and Linhe City (county level) was established. Former Linhe County's administrative area became Linhe City's administrative area.

Heilongjiang Province: 1) Anda County was abolished and Anda City (county level) was established. Former Anda County's administrative area became Anda City's administrative area. 2) Youyi County was restored. Former Youyi County's administrative area, which was integrated into Jixian County, become new Youyi County's administrative area. The seat of the county People's Government is at Youyi town. 3) Nenjiang Prefecture was abolished and Nehe County, Baiquan County, Longjiang County, Yian County, Keshan County, Kedong County, Gannan County, Tailai County, Fuyu County, Lindian County, Dorbod Mongol Autonomous County, a total of 11 counties, were put under the administration of Qiqihar City. 4) Hejiang Prefecture was abolished and Huanan County, Jixian County, Baoqing County, Fujin County, Yilan County, Tanyuan County, Huachuan County, Luobei County, Suibin County, Raohe County, Togjiang County, Fuyuan County, Youyi County, a total of 13 counties, were put under the administration of Jiamusi City.

Fujian Province: Yongan County was abolished and Yongan City (county level) was established. Former Yongan County's administrative area become Yongan City's administrative area.

Jiangxi Province: Jinggangshan County was abolished and Jinggangshan City (county level) was established. Former Jinggangshan county's administrative area became Jinggangshan City administrative area.

Hubei Province: Wufeng County was abolished and Wufeng Tujia Autonomous County was established. Former Wufeng County's administrative area became Wufeng Tujia Autonomous County's administrative area. Changyang County was abolished and Changyang Tujia Autonomous County was established. Former Changyang County's administrative area became Changyang Tujia Autonomous County's administrative area.

Hunan Province: Zixing County was abolished and Zixing City (county level) was established. Former Zixing County administrative area and part of the administrative area of Chenxian County became Zixing City's administrative area.

Sichuan Province: Deyang County was abolished and the former administrative area of Deyang County was integrated into Deyang City. A Shizhong District was established in Deyang City.

Ningxia Hui Autonomous Region: Qingtongxia County was abolished and Qingtongxia City (county level) was restored. Former Qingtongxia County's administrative area became Qingtongxia City's administrative area.

Xinjiang Uygur Autonomous Region: 1) Ili Prefecture was restored and Yining City, Yining County, Nilka County, Xinyuan County, Gongliu County, Tekes County, Zhaosu County, Huochen County, Qapqal Xibe Autonomous County, which were formerly under the direct administration of Ili Kazak Autonomous Prefecture, and now under the administrative of Ili Prefecture. The seat of the Ili Prefectural Administrative Office is at Yining City. 2) Ili Kazak Autonomous Prefecture now administers Ili Prefecture, Tacheng Prefecture, Altay Prefecture, and Kuytun City (county level). 3) Tacheng County was abolished and Tacheng City (county level) was established. Former Tacheng County's administrative area became Tacheng City's administrative area. 4) Altay County was abolished and Altay City (county level) was established. Former Altay County's administrative area became Altay City's administrative area. 5) Turpan County was abolished and Turpan City (county level) was established. Former Turpan County's administrative area became Turpan City's administrative area.

PLANNING COMMISSION OFFICIAL ON LAND CONSERVANCY

HK310426 Beijing CHINA DAILY in English 31 Jan 85 p 4

[Text] China's future development depends, to a great extent, on how well work on land conservancy is done throughout the country. Unless proper planning is worked out and attention given to this problem now, there could be disastrous consequences.

The WORLD ECONOMIC HERALD quoted Xu Qing, vice-minister of the State Planning Commission, as saying that land conservancy has much to do with the rational utilization of natural resources and setting up a workable economic structure.

Xu Qing was made the first head of the Land Bureau when it was set up in 1981. At a bureau conference on the nation's land planning, he said work on land conservancy has long been neglected in many areas.

For example, the northwest of China used to be a main grain producing area, but it is now suffering from serious soil erosion and subsequent high sand content in the soil; in north China, where water resources have not been properly used, both industrial production and the development of the people's livelihood have been hindered by a lack of water.

In other areas, there are land conservancy projects and hydro-electric power plants, but these have often been of little economic benefit because of failures in co-ordination and overall planning. Land Conservancy is a time-consuming and comprehensive project that involves the harnessing of rivers, enriching sandy soil with fertilizers and reclaiming land from the sea.

This is not a question of short-term plans. In fact, working on such a project requires huge efforts and a commitment for 30 years or even half a century. Though China has a vast land mass, its natural resources are hardly sufficient to support its large population. In the long term, China will have a massive task in meeting the challenge of its resources supply.

The WORLD ECONOMIC HERALD article also noted that there are already severe cases in which people waste land and timber and pollute rivers, and that if no measures are taken soon by the state, there will be terrible consequences for the country.

First of all, the per capita farmland in China is far less than the world average. Between 1957 and 1977, farmland decreased by one quarter. Moreover, the quality of land is also going down, with soil erosion in the northwest and the drying up of the Sichuan Basin, which was once known as one of the most fertile parts of the country.

Secondly, China has less afforested area and grassland than many countries in the world. Because of bad management and improper policies, some of the forests are uncared for whereas in other areas trees are felled without any planning at all. It is estimated that if this unchecked felling is not stopped, China's forests would be completely stripped bare in 30 years.

Thirdly, Chinese per capita petroleum resources are only one eighth of the world average, mineral fuel and coal, one half; and water resources are just one percent of the world per capita level. Of this limited water supply, a great deal is severely polluted.

It is of vital importance for China to be aware of this serious situation, since it will hinder efforts to modernize and economic development. More people with professional skills are urgently required and suitable measures should also be sought to combat this nationwide problem and restore China's natural ecological balance.

BANK TO ISSUE HANDBOOK FOR LOAN OFFICERS

HK010417 Beijing CHINA DAILY in English 1 Feb 85 p 2

[Text] A handbook for bank loan officers will be published soon after a successful trial year. "Appraisal Manual for Industrial Credit Projects," written by Wang Furan and Xu Jinchong, will be issued by the China Investment Bank. The handbook lists do's and don'ts: A bank creditor should study market forecasts affecting a project; a creditor should not approve a project until its plans are technically in order. The bank acts as an intermediary for World Bank loans, doling out financing to Chinese industrial projects.

BANKS BECOME 'CORNERSTONE' IN MODERNIZATION

HK010431 Beijing CHINA DAILY in English 1 Feb 85 p 2

[Text] The Bank of China extended nearly \$600 million in loans last year to expand the energy framework underpinning the nation's economic growth. Banking has become a major cornerstone in China's modernization campaign.

According to bank figures, more than \$30 million went toward construction of China's first nuclear power plant in Guangdong Province. A Sino-American coal mining joint venture in Shanxi Province received \$220 million, and another \$330 million went to Daqing, China's largest oil producer, for drilling and pipeline expansion.

Several of the loan recipients have already showed a return on the investments, said a bank official. Daqing, for example, exceeded drilling quotas by 200,000 tons of oil the same year drilling began in the two peripheral oil fields.

Bank officials said \$2.4 billion in loans from the Export-Import Bank of Japan will also be targeted toward development of coal mines and off-shore oil exploration.

More loans will also go this year to the shipbuilding and civil aviation industries, bank officials said. The bank will give priority to projects that promise the quickest results for the least investment.

Economically underdeveloped areas -- such as Yunnan, Guizhou, Qinghai and Gansu Provinces as well as Inner Mongolia and Xinjiang Autonomous Regions -- will also receive special attention in the bank's loan policies, officials said.

In tandem with the bank's efforts to spur economic growth, the Industrial and Commercial Bank of China announced it will expand its role as conduit between foreign investors and Chinese industries.

Bank president Chen Li told a foreign reception in Beijing this week that the bank would stretch its scope to include coastal cities and some interior provinces.

The bank only recently began sharing with Bank of China the role of funneling foreign currency into China's industrial sector. The Industrial and Commercial Bank at first limited those services to Shenzhen, Zhuhai and Xiamen, three of China's four "special economic zones."

The bank, founded last year, will inject 9 billion yuan this year into upgrading mining, motor vehicle, energy and communications industries. Another 1 billion yuan in special loans will go to key capital construction projects, Chen said.

NEW FIRM TO AID IMPORT, DEVELOPMENT OF TECHNOLOGY

HK010427 Beijing CHINA DAILY in English 1 Feb 85 p 2

[Text] China's courtship of modern technology added a new suitor to its roster this week in Beijing.

The Technology Development Corporation, a national organization, will help co-ordinate the importation of foreign technology and the development of domestic technology.

Gu Yu, chairman of the new corporation, said the organization is backed by institutes of science, education, industry and defense. It will organize fairs and undertake technological research. The corporation will also work with industry in adapting technology to production lines, he said.

Operating costs will be financed by loans and by formation of joint ventures. The nonprofit corporation is responsible for its own finances, Gu said.

The new corporation has already established co-operative links to a dozen Chinese cities.

INDUSTRY PLANS TO BOOST SPECIALTY CHEMICALS

HK010432 Beijing CHINA DAILY in English 1 Feb 85 p 3

[By staff reporter Zhu Ling]

[Text] A massive push is planned to boost production of "speciality chemicals," a current weak spot in China's chemical industry.

The new trust will focus production on food and animal feed additives and chemicals used in leather curing, papermaking and textile manufacture, Yang Guangqi, vice minister of the Ministry of Chemical Industry, told CHINA DAILY yesterday.

These "specialty chemicals" are now imported from the United States, Japan and Western European countries.

Yang said China seeks to import technology and machinery to increase domestic production of the chemicals and reduce reliance on outside sources.

The vice minister said that during the Seventh-Five Year Plan (1986-1990), the ministry will initiate more than 70 new projects to develop production of "specialty chemicals," some in co-operation with overseas companies.

Yang said the ministry has contacted several foreign firms to purchase advanced technology and equipment. One large project currently under negotiation is to buy technology and equipment aimed at producing 10,000 tons of methionine annually, he said.

Over the past 30 years, China's chemical industry has concentrated its attention on production of fertilizers and basic chemical materials. These enterprises have absorbed more than 50 percent of state investment in the whole chemical industry, Yang said.

Development of "specialty chemicals" has been neglected, he said, adding that only a handful of such products as paints, dyestuffs and pesticides now are massproduced. The rising living standard of the Chinese people has increased demand for greater specialization in chemical industry.

HE KANG ATTENDS BEIJING RURAL YOUTH MEETING

OW311335 Beijing XINHUA Domestic Service in Chinese 1200 GMT 30 Jan 85

[By reporter Zhan Xiang]

[Excerpts] Beijing, 30 Jan (XINHUA) -- At the invitation of the CYL Central Committee and the Ministry of Agriculture, Animal Husbandry, and Fishery, 20 rural youths who achieved remarkable results in developing commodity production arrived in Beijing from various parts of China on 29 January to hold a discussion meeting here. They have brought with them new messages of spring for the people and youth of the capital.

The discussion meeting, which is called "Young Pioneers for the Rural Economy," is being held to exchange experience of becoming well-to-do through diligent work, to study and understand in a deep-going manner the principles and policies of the party Central Committee on further invigorating the rural economy, and to meet the new situation of reform rural production and speedy development of commodity production.

All representatives from 15 provinces and municipalities have a personal history of pioneering. Among them are rich operators of specialized households, plant directors and managers of town and village enterprises or peasants' economic associations, leaders of township-level economic organizations, and responsible persons of primary CYL organizations. Most of them are running new rural enterprises or engaged in rural development projects.

Present at the discussion meeting yesterday and today were He Kang, minister of agriculture, animal husbandry, and fishery, and Hu Jintao, first secretary, Liu Yandong, secretary, and Zhang Baoshun, alternate secretary, of the Secretariat of the CYL Central Committee.

POOR RURAL AREAS TO RECEIVE ADVANCE RELIEF FUNDS

HK310422 Beijing CHINA DAILY in English 31 Jan 85 p 1

[By staff reporter Liu Dizhong]

[Text] Poor rural areas in China frequently afflicted by calamitous weather will be granted annual disaster relief funds in an effort to stave off tragedy. A senior official of the Civic Affairs Ministry said about 60 counties have been chosen to be given in advance their relief funds, totalling nearly 100 million yuan. The money mainly will be used to help develop industrial, agricultural and sideline production, said Yao Shaoyu, deputy head of the relief bureau of the ministry.

The new system is based on the idea that communities need a strong economic base to resist and overcome natural catastrophes, Yao said.

On average, the ministry earmarks 600 million yuan annually for disaster relief, not including emergency supplies allocated by the State, such as steel, cement, timber, chemical fertilizer and drainage equipment. The budget is expected to be increased to 900 million yuan annually during the Seventh Five-Year Plan Period (1986-1990).

Another 1.25 billion yuan has been allocated annually since 1982 to help the rural residents whose annual per capita income is between 100 and 150 yuan. In the past three years more than 7 million households have received the annual supplement, and nearly half reported that their living standards had significantly improved by the end of last year, Yao said.

Flooding, drought, hailstorms and typhoons are the main natural disasters in China, causing thousands of deaths and affecting millions of hectares of farmland every year.

If the allocated relief fund is underspent in a "good year," it will be used to aid poor families. In areas where per capita income exceeds 400 yuan, no relief funds will be provided in case of general natural calamities. These areas will be encouraged to rebuild after the disaster using bank loans, insurance or mutual assistance, Yao said.

The state relief funds will be given outright or in loans. As the loans are repaid, the funds will be used to establish relief foundations to provide future assistance, rather than going back into the ministry's budget, he said. He noted rural insurance grew very quickly in the past few years as a result of rapid economic development and prosperity in the countryside.

Last year, more than 4 million rural families insured their property for more than a total 10 billion yuan.

The increasing rural insurance has greatly helped the relief work and lightened the burden of the state which can only allocate limited funds, due to its tight financial situation, he said.

Citing Jiangsu Provinces as an example, Yao said more than 1.16 million yuan were paid by the insurance company in the past three years to compensate 17,600 rural families for losses caused by fire, floods, snowfall and hailstorms. Measures have been jointly taken by the ministry and the People's Insurance Company of China (PICC) to expand insurance trade in the nation's vast rural areas where 800 million people live.

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JIANGSU REPORTS PROGRESS IN PARTY RECTIFICATION

OW250117 Nanjing Jiangsu Provincial Service in Mandarin 1100 GMT 24 Jan 85

[Excerpt] The Jiangsu Provincial CPC Committee held a discussion meeting on the morning of 24 January, presided over by Comrade Sun Han. Comrade Zhen Daren made a report to all members of the Standing Committee of the Fifth Provincial CPPCC Committee attending the Eighth Standing Committee Meeting and people of various circles, totaling more than 200 people, on the situation of the Seventh Congress of the Jiangsu Provincial CPC Committee and the first-stage party rectification work in this province.

Comrade Shen Daren said: The provincial party congress has summed up the achievements, experience, and lessons during the past 7 years in the spirit of seeking truth from facts, and put forward main tasks for the coming 5 years.

Touching on party rectification work, he pointed out: Generally speaking, the main trend in party rectification work in this province is good. The work is being carried out in a proper manner, and its development is quite healthy. We have achieved significant results and, in the main, reach the desired goal.

ZHEJIANG LEADERS SECOND SPRING FESTIVAL LETTER

OW271235 Hangzhou Zhejiang Provincial Service in Mandarin 1000 GMT 26 Jan 85

[Text] The Zhejiang Provincial CPC Committee, the Standing Committee of the Zhejiang Provincial People's Congress, and the Zhejiang Provincial People's Government sent a letter on the eve of the Spring Festival to extend cordial festival greetings and best regards to PLA units stationed in Zhejiang, to provincial armed police units, families of martyrs and servicemen, disabled soldiers, demobilized servicemen, army men transferred to civilian jobs, retired military cadres, veteran party members of old revolutionary bases, veteran underground liaison men, and veteran guerrillas throughout the provinces.

After giving an account of achievements in all fields in our province in 1984, the letter says: The PLA units stationed in Zhejiang and the Zhejiang Provincial Armed Police units made new contributions for the people in the past year. Carrying forward the glorious revolutionary tradition and giving play to their wisdom and ability, the masses of militia men, families of martyrs and servicemen, disabled soldiers, demobilized servicemen, and army men transferred to civilian jobs played a leading backbone role in the economic restructure and the four modernizations. Keeping the party's cause foremost in their minds, the retired military cadres supported the new leading bodies and rendered a great deal of good service to the people. Having made tremendous contributions during the revolutionary war years, the masses in the old revolutionary bases are now working hard to change their condition of poverty and backwardness. We hereby extend our respects to these comrades who have rendered meritorious services to the country and people.

The letter says: Carrying forward the glorious tradition of supporting the Army and giving preferential treatment to military families, the people throughout the province cemented the Army-Government and Army-people relations which are as inseparable as fish and water.

The letter finally says: In the new year, we must make a success of the economic restructure, further develop the economy, and do a good job in all fields of work in our province and strive to realize the general task and goal set forth by the 12th National CPC Congress.

GUANGDONG EASES RESTRICTIONS ON OVERSEAS STUDY

HK311221 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 30 Jan 85

[Text] According to the provincial work meeting on importing overseas qualified personnel and personnel studying abroad, the province had decided, beginning from this year, to withdraw the limit on the number of people studying abroad, provided that they have the required conditions for self-financing.

In connection with the interim provisions of the State Council for self-financing people studying abroad, anyone who has received foreign exchange support or a scholarship from overseas through proper and legitimate channels, and who has gone through the reception formalities of a school, may apply for self-financing study abroad without respect to educational background, age, or working experience.

The provincial People's Government has decided that from now on, the work concerning people studying abroad will be the responsibility of the office of the provincial leading group for importing overseas qualified personnel. The specific formalities for applying for self-financing study abroad will be handled by the provincial Scientific and Technological Committee, the provincial economic committee, the provincial Planning Committee, the provincial committee for Foreign Economic Relations, and the provincial Agricultural Committee.

The provincial People's Government has approved the establishment of a consultative office in Guangzhou for students studying in the United States. The office will provide such services as consultation, training, examination, and assistance in submitting documents for approval by the authorities.

WUHAN RESTRICTS CADRES INVOLVEMENT IN ENTERPRISE

HK300754 Wuhan Hubei Provincial Service in Mandarin 1100 GMT 28 Jan 85

[Text] Yesterday morning, at the city meeting of leading cadres of units at the district and county levels, on behalf of the city CPC Committee and the city People's Government, Wang Qun, first secretary of the Wuhan City CPC Committee, announced a regulation consisting of four provisions. The regulation demands that organs at all levels of the party and government resolutely curb the party and government cadres' unhealthy trends of taking advantage of powers to engage in trade or to run enterprises.

The four specific provisions are:

1. The party and government organs and cadres are strictly prohibited from engaging in trade or running enterprises. The enterprises which they had set up before the relevant documents of the central authorities and the State Council were sent down, which have prospects for development, can promote commodity production, and are beneficial to the state and the people, can be handed over to units or individuals who are eligible to run enterprises. Those which have no prospects for development and are not advantageous to the state and the people must close down.
2. The party and government organs and cadres who have invested, purchased shares, or have engaged in jointly with enterprises or other people, must immediately withdraw their capital or money paid for shares. The party and government cadres who have taken up the posts of managers, directors, advisers, and workers or other posts in enterprises must immediately resign from all posts and must thoroughly dissociate themselves from the enterprises.

3. Party and government organs and the cadres must submit to the treasury the profits which they have illegally come by from the trade in which they have engaged or from the enterprises which they have run. They must return to the enterprises the dividends which have been paid to them after they invested or bought shares. The party and government cadres must return to the enterprises pecuniary income which they have earned since they took up the posts or have participated in business.

4. The party and government cadres, including cadres who have stepped down to the second line and retired cadres, must abide by the party spirit and principles, must uphold the party's interests, must not pursue private ends for small cliques and individuals, must not secure advantages through pull or influence, and must not establish relationships for other people. They must also teach their own children and relatives to abide by discipline and law and not to secure advantages through pull or influence. Those who, due to insufficient understanding at the previous stage, established a relationship for their children and relatives so as to illegally buy up or sell materials which are in short supply, must actively make self-criticism and must return all ill-gotten gains. Those who have caused serious consequences must be strictly dealt with.

MAO ZHIYONG ATTENDS HUNAN RURAL WORK CONFERENCE

HK260306 Changsha Hunan Provincial Service in Mandarin 1100 GMT 25 Jan 85

[Text] The provincial rural work conference, which ended yesterday, put forth tasks for the province's rural work in 1985. The tasks are to emancipate our minds, relax policies, enliven the economy, and to further quicken the pace in doubling and quadrupling the province's agricultural output value.

The conference began on 15 January and lasted 10 days. After studying and discussing the relevant documents of the central leadership, the participating comrades held that reforming the system of the assigned and monopolized purchase of agricultural and sideline products is an important decision which corresponds with national conditions and meets the people's desire. The most important task at present is to unify the ideology and actions of the vast number of cadres, the broad masses, and various departments with the policies formulated by the CPC Central Committee. The key to results in implementing the policies of the central leadership lies in results in unifying our ideology. Implementing rural policies will be a process of carrying out great reforms, achieving great transformation, carrying out great consolidation, and making great developments. The development of the situation will push all economic departments and all comrades to plunge into the powerful current of commodity production. We must achieve great transformation in our guiding thinking, leadership methods, and work style.

The conference demanded that leaders at all levels emancipate their minds, go deep into practice, and stand in the forefront of the reform. Leaders at all levels must remain sober-minded, be good at educating cadres by using historical experience, study earnestly, observe discipline, abide by the law, and work hard so as to make rural economic reform develop smoothly and win new victories in the great cause of building socialism.

At the conference leading comrades of the provincial CPC Committee and government Mao Zhiyong, Xiong Qingquan, Liu Zheng, Wang Xiangtian, and Cao Wenju; and (Zhu Kangnian), director of the Rural Work Department of the provincial CPC Committee, delivered reports.

PLA GROUP GIVES SELF CRITICISM IN NEI MONGGOL

SK310725 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 30 Jan 85

[Excerpts] Recently, the visiting group of the Shenyang Military Region toured the autonomous region in an effort to further eliminate the negative influence caused by three supports and two militaries during the Great Cultural Revolution, resulting in effectively enhancing unity between the Army and the government, between the Army and the people, and among various nationalities.

During the Cultural Revolution, the Shenyang PLA units were instructed to dispatch their troops to carry out the movement of three supports and two militaries among leagues and cities in eastern Nei Monggol. Since the beginning of the party rectification drive, the CPC Committee of the Shenyang Military Region has regarded as the focus of work the task of totally negating the Cultural Revolution, examining and correcting the mistakes committed in the movement of three supports and two militaries, and eliminating the negative influence caused by the movement. At present, the Shenyang Military Region has concluded its party rectification work in the first stage. To consolidate or develop the achievements scored in the party rectification work, the CPC Committee of the military region has dispatched a visiting group composed of Zhang Wu, deputy political commissar of the Shenyang Military Region, and leading comrades of the three northeast provinces' military districts and certain PLA units, which arrived at our region to further examine mistakes committed in the movement of three supports and two militaries and to solicit opinions from the people.

At the meeting of party-member cadres from the regional level organs at or above the department and bureau level, Comrade Zhang Wu, on behalf of the party committee of the Shenyang Military Region, presented self-criticism concerning the mistakes committed by the PLA units in carrying out three supports and two militaries activities among leagues and cities in eastern Nei Monggol during the Cultural Revolution. He also added detail to the military region's work plans for further eliminating the negative influence of the three supports and two militaries movement in the new historical period; strengthening the ties between the Army and the government and between the Army and the people; enhancing unity among various nationalities; and for carrying out the army-men-civilian campaign of building the two civilizations.

During its tours, the visiting group also held discussions with the responsible comrades of the regional CPC Committee and the departments concerned. These comrades unanimously held that the CPC Committee of the Shenyang Military Region had really deepened its understanding on examining the three supports and two militaries work, adopted an earnest attitude toward the work, and had done the work in a down-to-earth manner.

During the discussions, Tian Congming, deputy secretary of the regional CPC Committee, stated: The spirit displayed by the Shenyang Military Region's CPC Committee in totally negating the Cultural Revolution by having a clear-cut stand and in earnestly eliminating the negative influence caused by the movement of three supports and two militaries is worth learning from.

During the discussions, participants unanimously expressed that hereafter, they should settle the old accounts left over by history for good. The PLA units and the local authorities should closely unite as one and make concerted efforts to map out plans for the program of building the four modernizations.

When arriving in and leaving Hohhot City, the comrades of the visiting group of the Shenyang Military Region were greeted and seen off at the airport by the leading comrades from the regional party and government organs and the regional CPPCC Committee, including Tian Congming, Shi Guanghua, Cai Ying, Zhang Pengtu, Bai Junqing, Li Xiheng, (Gurilehuagen), and Wuligeng.

HEILONGJIANG CITY CADRES IMPLICATED IN CRIMES

SK010617 Harbin Heilongjiang Provincial Service in Mandarin 1000 GMT 31 Jan 85

[Text] Beian City has given party disciplinary and administrative measures to those party-member cadres connected with the three criminal cases that have taken place in the city. In the course of dealing strict blows to serious criminal offences, Beian City has cracked a gang of hooligans and rapists led by (Gu Yingjun); a gang of hooligans, rapists, and thieves led by (Yao Zhelong); and a clique of rapists and hooligans involving (Sun Jingsheng). All criminals connected with these three cases were punished according to law on 28 December last year. Among these criminals, 24 were children of cadres, while some key members were children of some party and government leading cadres. In line with the suggestions of the Beian City and the Heibe Prefectural CPC Committees, and with the approval of the provincial CPC Committee, the provincial Disciplinary Inspection Commission has recently given severe punishments to the party-member cadres connected with these three cases.

(Ren Chunda), the principal criminal of a gang of hooligans and rapists, is the son of (Ren Jinglong), former Standing Committee member of the Beian County CPC Committee, deputy head of Beian County and concurrently director of the Beian City Public Security Bureau, and currently vice chairman of the Beian City People's Congress Standing Committee. Knowing well his son's crimes, (Ren Jinglong) not only concealed what he knew of the case, but adopted some means and ways to cover up and shield his son's crimes, thus making his son escape due punishment and causing serious consequences. Therefore, it has been decided to expel (Ren Jinglong) from the party and to gradually discharge him from the post of vice chairman of the city People's Congress Standing Committee, and it has been suggested that the judicial department should pursue his criminal liabilities.

(Gu Yingjun), the principal criminal of a gang of rapists and hooligans, is the son of (Gu Hedong), former deputy secretary of the Beian County CPC Committees, and currently chairman of the Beian City CPPCC Committee. (Gu Hedong) failed to educate and discipline his son, and went so far as to shield his son's crimes, thus causing serious consequences. Therefore, it has been decided to expel (Gu Hedong) from the party and it has been suggested to discharge him from the post of chairman of the city CPPCC Committee. Other party-member cadres connected with the cases have also been severely punished according to the seriousness of their cases.

The provincial CPC Committee has recently transmitted the report made by the provincial Discipline Inspection Commission concerning the three criminal cases and the handling of party-member cadres connected with these cases, and has called on all party-member cadres in the provinces to conscientiously study and discuss this report and draw lessons from it.

LI ATTENDS HEILONGJIANG CIVILIZED UNITS MEETING

SK260513 Harbin Heilongjiang Provincial Service in Mandarin 2200 GMT 25 Jan 85

[Excerpts] The first provincial meeting of the representatives of the collectives and individuals advanced in building civilized units was ceremoniously held at the Beifang Building on 25 January. Responsible comrades of the provincial party, government and Army organs and the provincial committee for five-stress, four-beauty and three-ardent-love activities, including Li Lian, Hou Jie, Li Jianbai, Zhang Xiangling, Wang Jinling, He Shoulun, Zhang Lin, Li Rui, Tang Liandi, Lu Ping, (Liu Chuan) and Wang Pinian, as well as retired veteran cadres of the provincial organs, including Wang Yilun, were seated in the front row of the platform.

At 0830, Zhang Xiangling, Standing Committee member and Propaganda Department director of the provincial CPC Committee, declared the meeting open and gave an opening speech.

Hou Jei, deputy secretary of the provincial CPC Committee, vice governor of the province, and chairman of the provincial committee for five-stress, four-beauty and three-ardent-love activities, delivered a report entitled "Strive To Raise the Level in Building Civilized Units, and Serve Better the Three Fundamental Turns for the Better and the Reform of the Economic Structure."

Comrade Hou Jei pointed out: Over the past few years, our province has explored and summed up, in its road of advance, eight basic experiences in building civilized units, which we should pay attention to and draw lessons from. First, we have firmly fostered the guiding ideology of paying attention to and promoting the two civilizations simultaneously. Second, we have regarded the building of civilized units as a component part of the comprehensive improvement of public security, attended to it, and launched a large-scale activity of creating and building civilized units. Third, we have persistently proceeded from reality and considered doing good things for the benefit of the masses the fundamental purpose of creating civilized units. Fourth, we have paid attention to both visible and invisible things, have done good things which are visible to the people and strengthened the invisible work so as to improve the people ideologically and culturally. Fifth, we have combined the work of pilot units with that of others so that civilized units can develop in depth. Sixth, we have adopted various measures for army-men and civilians to build civilized units cooperatively and individually so that they can learn from and complement each other. Seventh, we have mobilized manpower, material and financial resources from all quarters to develop various public welfare undertakings. Eighth, we have combined the efforts in building new townships and towns with those in transforming old ones, and paid attention to both long-term and immediate interests so that the building and the transformation of townships and towns can proceed at the same pace.

SHENYANG AIMS TO BECOME MAJOR TRADE CENTER

OW310952 Beijing XINHUA in English 0644 GMT 31 Jan 85

[Text] Shenyang, January 31 (XINHUA) -- The heavy industrial city of Shenyang is aiming to become the hub of international economic relations and trade in northeast China, a city official said here today.

Gao Xuelin, director of the municipal Foreign Economic Regulations and Trade Bureau, said that the Liaoning provincial capital had many geological and economic advantages and other conditions to support its case. It had convenient communications and transport, and a full-fledged machine-building industry. Since the city had been empowered to handle its own economic affairs, 15 companies had been set up to deal with foreign economic relations and trade. These included Shenyang branch of the China National Technical Import Corporation, Shenyang International Economic and Technical Co-operative Company and Shenyang International Trust and Investment Company.

Gao said that the establishment of international companies there would boost foreign economic relations and trade in the three northeast China provinces and Inner Mongolia. The city planned 500 technological upgrading and import schemes costing 250 million U.S. dollars this year, double the 1984 figure. Shenyang also intended to offer labor services and contract for international engineering schemes worth five million U.S. dollars, and achieve exports worth 70 million U.S. dollars this year. Gao said the city would invite foreign business chiefs and representatives from other northeast China areas to attend negotiations and export commodity fairs in the coming months. Shenyang is also preparing to construct an international economic relations and trade building, which will contain an exhibition hall, a hotel, recreation rooms, offices and other facilities.

BAI SEES CONSERVATION AS MAJOR PROBLEM IN SHAANXI

HK010415 Beijing CHINA DAILY in English 1 Feb 85 p 4

[Text] One of the biggest problems facing Shaanxi is its conservativeness, commented Bai Jinian, the party secretary of the province, who also is the first party head chosen through democratic voting. Bai noted in a WORLD ECONOMIC HERALD article that the Yanan spirit of the '80s should mean a willingness to carry out reforms, to open up to the outside world and to be creative at work.

In the 1930s, it was the Yanan spirit that motivated the Chinese Communist Party and Chinese people to liberate the whole country, Bai said.

The party secretary went on to say that the province should do away with "leftist" influences and conventional ideas. It is apparent that feudalistic ideas still exist in certain aspects of work, particularly demonstrated by the out-dated nations and tight controls over production at all levels.

To change the backward situation, Bai suggested some enterprises should select their leaders through public elections. Bai then listed four tasks to be fulfilled in future to revitalize the province's economy:

-- Big enterprises should develop their potential. It is not enough to issue documents stating the need to hand over power to enterprises. Far from that, enterprises should be allowed to have more say in their management decisions, updating of equipment and co-operating with both domestic and foreign companies to enhance their businesses.

However, this isn't happening. Some administrative companies have been hampering local economic development by seizing power from individual enterprises.

-- Small-scale rural enterprises should be developed faster to help accumulate capital for the province. In many of the province's rural areas, farmers still are employed in a single-product rural economy. To get the province well on its way to prosperity, it is important to work with state-owned and Army enterprises, which often are blessed with large numbers of specialists and modern technology, to develop village and township enterprises.

-- There should be more investment in acquiring people with professional skills. It is a rather strange phenomenon that although the province has a comparatively large number of universities and research institutes, only 30,000 skilled workers are employed. Moreover, most of those people are in workplaces around Xi'an, the capital, whereas specialists in the poorer areas of Shaanxi tend to move to better places. Thus, it is time to train more local people and produce technical staff who are willing to stay and contribute to regional progress. More colleges and universities should be built in those regions.

-- Tourism and coal production should be stepped up. Endowed with two of the biggest resources -- tourist attractions on the land and coal underground -- Shaanxi's economy could forge ahead at an unprecedented pace if these resources were exploited. Service facilities must be built to cater to the needs of the estimated 500,000 foreign tourists expected to visit the region in the next three to five years. In Xi'an and Danyang, more tourist spots will be opened and a tomb of another ancient Chinese emperor will be excavated.

Shenmu and Fugu mining fields have choice coal. With improved transportation, coal production could earn foreign currency to be used for further development of the region.

URUMQI CALLS FOR BREAK WITH OLD ECONOMIC IDEAS

HK300451 Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 28 Jan 85

[Text] At the First Plenary Session of the Fifth Urumqi City CPC Committee held today, Li Shoushan, secretary of the city CPC Committee, delivered a speech in which he stressed that leading cadres at all levels must break with old convention and traditional ideas and establish new ideas. Only thus can they meet the needs of the rapidly developing situation and create a new situation.

Based on what he learned after investigation and research, Comrade Li Shoushan cited various old ideas among cadres and the masses.

He said: In economic construction, there exists the idea of regarding state-run enterprises as superior to collective and individual ones, the idea of regarding production as being more important than circulation, the idea of regarding accumulation as being more important than spending, and the idea of regarding material investment as being more important than intellectual investment. There also exists the idea of treating the practice of eating from the same big pot and the iron bowl as the superiority of socialism, the idea of equalizing becoming rich commonly and becoming rich simultaneously, and the idea of treating having good food to eat and good clothes to wear as the bourgeois life-style. These old ideas, which have seriously hampered the progress of the reform of the economic structure and adversely affected the development of economic construction, must be corrected immediately.

On what new ideas people should adopt, Comrade Li Shoushan said: 1) We must establish an overall idea so that we can stand high and see far, and pay attention to the overall situation. 2) We must pay attention to information, cater to the whole world, face the future, and dredge the circulation channels. 3) We must establish the idea of talented people being most important, and respect knowledge and talented people. 4) We must establish a new idea on spending, and encourage normal spending. Only thus, can we creatively fulfill various tasks in the new historical period and invigorate Urumqi's economy.

VICE PREMIER WAN LI VISITS SHENZHEN 29 JAN

HK300501 Hong Kong SOUTH CHINA MORNING POST in English 30 Jan 85 p 10

[By Ophelia Suen]

[Excerpt] China's senior Vice Premier, Mr Wan Li, stopped over in Shenzhen yesterday as part of a tour of southern China.

He is the latest of a number of top Chinese leaders, including Mr Deng Xiaoping, to have visited the special economic zone.

Mr Wan (68), who is a reformist in the Deng Xiaoping mould, will also visit Fujian, other cities in Guangdong and Hainan Island.

He is tipped for membership of Peking's top policy-making body, the Standing Committee of the party Politburo should the committee expand in the future. Mr Wan was recognized for his successful agricultural reforms in Anhui Province, his openness, and his liberal attitude towards intellectuals.

Mr Wan arrived at Shenzhen by train from Canton at about 7.20 pm on Monday. Sources said he was received by the Mayor of Shenzhen, Mr Liang Xiang, and spent the night at the Dong Yuen Guest House.

Starting yesterday morning, Mr Wan embarked on a busy schedule inspecting the latest developments in Shenzhen. He visited the Yi Jing Garden, a deluxe residential area with two-storey villas selling for HK\$500,000. Mr Wan was then taken on a tour of the Dong Hu and Yin Hu holiday resorts which attract many Hong Kong tourists. His afternoon programme was believed to include an inspection of the Shenzhen University.

It is understood that Mr Wan requested that his visit be kept on a low profile. According to Mr Liang only the SHENZHEN SPECIAL ECONOMIC ZONE DAILY was invited to cover the event. Until yesterday, it was not known how long the Vice Premier planned to stay in Shenzhen, Mr Liang said.

Mr Wan first visited Shenzhen in April 1981, although he had "little to see" then, Mr Liang said. Tremendous progress has since been reported at Shenzhen and it is believed to be leading a boom among other SEZs. [special economic zones] The average annual wage in Shenzhen reached 1,500 yuan (about HK\$4,200) in 1983, nearly double China's national average.

VICE PREMIER CONDUCTS INSPECTION TOUR OF ZHUHAI

HK010444 Hong Kong WEN WEI PO in Chinese 1 Feb 85 p 3

["Special dispatch" by correspondent Yao Hsin-pao: "Wan Li arrived in Zhuhai Yesterday for an inspection"]

[Text] Shenzhen, 31 Jan (WEN WEI PO) -- Wan Li, member of the Political Bureau of the CPC Central Committee and vice premier, left here this morning for an inspection tour of the Shekou industrial zone. He highly praised the industrial zone for giving young people a free hand in assuming leading work at various levels.

When Vice Premier Wan Li arrived in the Shekou industrial zone this morning, he first ascended Weipo Mountain for a birdseye view of the new industrial zone, which has just begun to take shape.

Then he held a forum in the industrial zone's reception room with the responsible persons of Shekou's industrial and agricultural departments Yuan Geng, Qiao Shengli, and Wang Jinghui, and the noted figures from the film circles Zhang Ruifang, Huang Zongying, Zhu Xijuan, and Cheng Jihua, who were taking part in the Golden Rooster Award event in Shekou.

After the forum, Wan Li left for Chiwan oil base accompanied by Yuan Geng. At around 1000, Wan Li and his party, including Guangdong's Lin Guo and Wu Nansheng, and secretary of the Fujian Provincial CPC Committee Ma Xingyuan, continued their inspection tour in Zhuhai.

MAGAZINE TO PUBLISH LIU LETTERS TO TAIWAN AGENCY

HK310444 Hong Kong SOUTH CHINA MORNING POST in English 31 Jan 85 p 1

[By Terry Cheng]

[Text] A local magazine is publishing seven letters which it says were written by American-Chinese journalist, Mr Henry Liu, to an unnamed intelligence agency in Taiwan.

The documents, to appear in next month's issue of the independent NINETIES, add weight to Taipei's claim that the writer had been providing intelligence information on China to its security agencies. The new evidence also calls for a re-examination of the case. And the fact that the letters were "leaked" by Taiwan has cast doubts on the motive behind the move.

Late last week, Taiwan's UNITED DAILY NEWS and its sister paper in New York published the last page of a handwritten letter said to be from Mr Liu about a trip to China in September when he saw military movements on the streets of Kunming and a border battle between China and Vietnam.

In its next issue, to be published tomorrow, NINETIES carried the same letter printed by the two nationalist-affiliated newspapers, but in full. The other letters contain reports about Peking's united front work, staff of the Chinese Consulate in San Francisco, various visitors from China and activities of Taiwanese independence movement supporters and summaries of what are said to be Chinese internal documents. Some of these letters also detail how Mr Liu attempted to "win over" an employee in CAAC's office in New York to Taiwan's side. The documents even list work expenses.

The seven letters, dated between February 6 and October 1, were addressed to Mr Lee Han-wen at PO Box 12658, Taipei. The magazine carried photo-copies of some of the letters. However, it cannot be seen from the letters whether Mr Liu was a formal member of Taiwan's intelligence network or what particular agency he had been working for.

Mr Lee Yee, the editor of NINETIES, writes that the handwriting and tone of the letters is similar to those of articles Mr Liu had written for the magazine. There have been several twists and turns following the murder of Mr Liu (52), better known by his pen name, Jiang Nan.

After trying to ignore the assassination and put the blame on China, Taipei arrested Chen Chi-li, the head of the Bamboo Gang in Taiwan and other members, accusing them of involvement in the murder. The bombshell came later when it was announced that Chen had confessed and implicated several officials in the intelligence unit of the Defense Ministry. The officials were also arrested.

Then came the "leak" that Mr Liu had worked for the United States Federal Bureau of Investigation. This was swiftly denied by his wife. Shortly afterwards, there came suggestions that the writer was an agent working for the FBI, Taiwan and China. If the connections are proved to be true, they could embarrass Peking, which has been portraying the writer as a righteous journalist critical of the nationalists.

Unnamed Taipei officials were quoted as having confirmed reports that Mr Liu had been working for the island's security agencies.

The leak of the letters allegedly by the writer, according to some, aims to discredit him as an innocent journalist. The leak gives rise to the question: If Mr Liu had been a member of Taiwan's intelligence network, why was he killed by Chen, who then implicated several intelligence officials in the act?

NEW POST TO SUPERVISE TREATIES, PRE-1997 ISSUES

HK310448 Hong Kong SOUTH CHINA MORNING POST in English 31 Jan 85 p 1

[By Lindy Course]

[Text] A new high-powered post is to be created within the Legal Department charged with supervising Hong Kong's treaties with third countries in the run-up to 1997. And a legal heavyweight at the Foreign Office, Mr Fred Burrows, is seen as the most likely man for the post, inquires in London and Hong Kong reveal.

Mr Burrows, who is currently legal counsellor with the Foreign and Commonwealth Office, was a member of the Sino-British working group set up to consider documents submitted by both Britain and China and speed up the negotiations. His name was first linked publicly with Hong Kong in April last year when it was revealed he would accompany the Foreign Secretary, Sir Geoffrey Howe, to Peking and Hong Kong. He was seen as a key member of this party. He was later named a member of the British team on the working group which met between June and September in Peking ironing out difficulties and working out the fine details of the joint declaration.

The new job will be of law officer grade -- second to the attorney-general. There are currently four law officers.

The legal Department post has not yet been created and so no formal offer can go out, but sources said it is hoped Mr Burrows will be in the new post in Hong Kong by the end of May.

Contacted in London by telephone, Mr Burrows said it is too early to comment because the post has not been confirmed. However, it is believed he will supervise changes made necessary by the joint declaration that concern other countries, rather than purely local law.

Ensuring that treaties with third countries are in order is regarded as vitally important. All Hong Kong's treaties and multilateral and bilateral agreements will have to be looked at to make sure they are in accord with the joint declaration and the other parties agree they will continue in force after 1997.

Mr Burrows is expected to head a small team comprising a deputy principal crown counsel, which will also be an additional post, and two senior crown counsel.

Other related topics he and his team may look into apart from treaties, could include setting up a shipping registry, civil aviation arrangements and establishing a final court of appeal in Hong Kong. But until he arrives and starts work, no decision will be made on the exact topics he will work on.

Earlier speculation has included Mr Burrows as a possible candidate for the joint liaison group, which comes into being on July 1.

The attorney-general, Mr Michael Thomas, said in his speech to the Legislative Council in November that the joint liaison group will be "well-suited" to study treaties, so it is likely Mr Burrows will be working closely with the group if not actually sitting on it. Because of the length of time it takes to create a new post, Mr Burrows is unlikely to start his new job much before the end of May. However, Mr Thomas is known to be keen for the unit to be set up as soon as possible.

In the same Legco speech, he said he had already put in motion the machinery to set up a "special unit" in his chambers to deal with the tasks. This unit will be supported by a strengthened policy division under the solicitor general, Mr Jim Findlay, Mr Thomas added. Mr Findlay said yesterday his role will be to work on internal changes made necessary by the joint declaration, like the codification of the law. He will also co-ordinate with Mr Burrows on the changes needed on the external side. He said talks are still going on with the Civil Service Branch about staff for him. "We have to prove we need extra posts up to the hilt, so everything is still in the melting pot at this stage."

Mr William Marshal, the assistant to the attorney-general, said he prefers not to comment until the law officer post is approved by the various government branches.

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